

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 -----x

4 UNITED STATES OF AMERICA,

5 v.

20-CR-188 (JSR)

6 RUBEN WEIGAND and
7 HAMID AKHAVAN,

Corrected

8 Defendants.

Trial

9 -----x

10 New York, N.Y.

11 Before:
12 HON. JED S. RAKOFF
13 District Judge

14

15 APPEARANCES

16 AUDREY STRAUSS
17 United States Attorney for the
18 Southern District of New York
19 BY: NICHOLAS FOLLY
20 TARA MARIE LA MORTE
21 EMILY S. DEININGER
22 Assistant United States Attorneys

23 DECHERT LLP
24 Attorneys for Defendant Weigand

25 BY: MICHAEL J. GILBERT
SHIRIRAM HARID
ANDREW J. LEVANDER
STEPHEN PELLECHI
-and-

MICHAEL H. ARTAN
Attorney for Defendant Weigand

APPEARANCES CONTINUED

SOUTHERN DISTRICT REPORTERS, P.C.

1 QUINN EMANUEL URQUHART & SULLIVAN, LLP
2 Attorneys for Defendant Akhavan
3 BY: WILLIAM A. BURCK
4 CHRISTOPHER TAYBACK
5 SARA CLARK
6 MARI HENDERSON
7 DEREK SHAFFER
8 PAUL SLATTERY
-and-
ROTHKEN LAW FIRM LLP
Attorneys for Defendant Akhavan
BY: IRA P. ROTHKEN
JARED R. SMITH

10 (Trial resumed; jury not present)

11 THE COURT: The last of the 13 jurors is being tested
12 right now. We will have the results, we are told, about 10:00.
13 Assuming everyone is negative, we will start the trial at
14 10:00.

15 In the meantime, counsel has favored me with a number
16 of evidentiary questions, so I will take them up with whatever
17 order you like. Let me ask defense counsel, which one do you
18 want to start with?

19 MR. ARTAN: I'll defer to Mr. Tayback.

20 MR. TAYBACK: Your Honor, I do think this witness is
21 on the stand, and I'm not sure the timing that this will occur,
22 but I do believe there are open issues --

23 THE COURT: I'm asking, which one do you want to start
24 with. I know there is more than one issue regarding
25 Mr. Hargreaves.

1 MR. TAYBACK: The chats. There are Telegrammed chats
2 that we have objected to and that are the subject of motion *in*
3 *limine* No. 7. My colleague, Ms. Clark, is going to address
4 that point.

5 THE COURT: I'm happy to hear. My recollection of
6 what I said back when we were dealing with motions *in limine*
7 was that motion No. 7 would turn on the foundation laid for
8 individual items of evidence, so I am not sure I can deal with
9 it now, but I'll be happy to hear anything defense counsel has
10 to say and anything the government wants to say.

11 MS. CLARK: Understood, your Honor. We are happy to
12 take those up as they come through.

13 I guess just a point of clarification, as those
14 exhibits come up, do you want us to raise the objection outside
15 the presence of the jury?

16 THE COURT: My recollection, and maybe you need to
17 refresh me, but the main question was with respect to
18 authentication of the Telegram messages. There was also a
19 confrontation-clause question. I don't really think the
20 confrontation-clause objection is that strong, but that would
21 be a more global objection that we could talk about now.

22 But the main thing that caused me to reserve was the
23 fact that, as I understood your motion, the Telegram is, in
24 your view, somewhat suspect because some participants can
25 delete messages from their chats, some may even be able to

1 delete other users' chats without a trace. In an extreme case
2 that might be a problem, but I see that as being more than an
3 issue for cross-examination in most senses, as opposed to a
4 reason for exclusion. But maybe I'm missing something here.
5 So go ahead.

6 MS. CLARK: Understood, your Honor.

7 I think I would just want to call your Honor's
8 specific attention to one of the chats in particular, which is
9 going to be Government Exhibit 4004. That is one of the chats
10 that we understand they are going to be introducing through
11 Mr. Hargreaves that does have some of the deleted accounts. We
12 just want to flag that.

13 THE COURT: I'm sorry. Bear with me one minute. I
14 just got a note from my law clerk.

15 Forgive me for interrupting. All 13 jurors tested
16 negative. So we are going to bring up the jury now, and we can
17 continue with this conversation.

18 Any of these exhibits going to come up before the
19 midmorning break?

20 MS. LA MORTE: It's possible, your Honor. I am not
21 entirely sure.

22 The other issue I want to bring to your Honor's
23 attention, and you can decide whether to delay it or not, is
24 that, as your Honor is aware, the defense filed a motion
25 yesterday to suppress certain electronic evidence in light of

1 an alleged or purported failure of the government --

2 THE COURT: I'm waiting for your response to that this
3 evening.

4 MS. LA MORTE: That's fine. I just wanted to note
5 this for the Court because some of that evidence that the
6 government intends to introduce that the defense is seeking to
7 suppress is going to be introduced through Mr. Hargreaves. So
8 they are moving to suppress certain evidence that we intend to
9 introduce today, so I wanted to call that to your Honor's
10 attention, and I'm happy to address now why even if the Court
11 found that there was some issue there, which there is not, why
12 suppression of existing electronic evidence would not be the
13 appropriate remedy under the standards of the Second Circuit.
14 My point is, regardless of --

15 THE COURT: Let me interrupt you. I'm happy to hear
16 as much of that as we can deal with now. The minute this jury
17 arrives, we start the testimony. And, in fact, please alert
18 the witness that we will be calling him in a minute or two.

19 But go ahead.

20 MS. LA MORTE: Yes, your Honor.

21 I could start with some background about some context
22 for the Court, although I do believe that this is probably
23 going to be a longer discussion.

24 As the Court is aware, Mr. Hargreaves was arrested in
25 September of 2018. He was arrested with a number of items,

1 including two phones. I'll call them phone 1 and phone 2.

2 The government created an image of phone 1., but with
3 respect to phone 2 did not do any sort of extraction of the
4 phone because the investigator at the time looked at the phone
5 and determined that it had no evidentiary value and so nothing
6 was done with it and it was returned to Mr. Hargreaves. Phone
7 1 was also returned to Mr. Hargreaves after the government
8 extracted the phone.

9 Now, in April of 2020, the government produced in
10 discovery one phone extraction. So the defense received that
11 extraction from phone 1 that it had conducted at
12 Mr. Hargreaves' arrest.

13 Then in November of 2020, the government produced 3500
14 materials that indicated or that showed, actually, that the
15 defendant had been arrested with two phones and that he had
16 consented to search with respect to those two phones, so the
17 defense knew. They only got one phone in discovery. Yet, in
18 November they knew that the cooperating witness had two phones.

19 I just provide that to you for context as to where we
20 are now because, in the government's view, this is a motion
21 that could have been brought and should have been brought
22 earlier because the defense is on notice as of November that
23 they did not receive a second phone dump because the government
24 never in fact searched that phone.

25 Your Honor, the reason I raise that, I just wanted to

1 provide you some context. He was sent home with phone 1. He
2 used phone 1 in connection with proactive efforts and then lost
3 that phone and had some other phones.

4 THE COURT: Let me interrupt once again. I misspoke.
5 Twelve of the jurors have been tested and are negative. The
6 13th is just being tested now, so we do have a few more
7 moments.

8 THE LAW CLERK: That's my older note.

9 THE COURT: They are on their way up. Confusion
10 reigns.

11 MS. LA MORTE: Let me cut to the point since the jury
12 is on their way up.

13 The defense is asking for suppression of existing
14 electronic evidence that's not supported by the law. If the
15 Court looks at Second Circuit law, suppression or dismissal of
16 the indictment is only appropriate if there is an intentional
17 destruction --

18 THE COURT: You want me to look at Second Circuit law?
19 Do I have to do that?

20 MS. LA MORTE: I know your Honor marches by the beat
21 of his own drum, which is something I admire, but we are bound
22 by the circuit.

23 THE COURT: The record should reflect that I am the
24 dutiful humble servant of the Second Circuit.

25 MS. LA MORTE: The law on this is very clear that for

1 a remedy such as, possibly, suppression, or usually the remedy
2 sought is dismissal, it has to be the intentional destruction
3 of exculpatory evidence. With respect to a failure to collect
4 evidence, it has to be that the government recognized the
5 exculpatory value of the evidence and then chose not to collect
6 it and it was destroyed in bad faith. The defense does not
7 even attempt to meet that standard here, and they can't meet
8 that standard here.

9 So the point I'm raising with the Court is that
10 regardless of how the Court considers whether the government
11 violated an obligation to collect or preserve evidence, the
12 remedy that they are seeking is not the proper remedy under
13 law. I think, at most, they might be entitled to some sort of
14 instruction.

15 And the reason I'm raising that now is because this
16 witness is about to take the stand, and the government is going
17 to introduce these materials through this witness today.

18 THE COURT: Let me hear from defense counsel.

19 MR. TAYBACK: Your Honor, to address the two points
20 raised by the government, the first is when the data was
21 provided to the defendants, there is no way to know that it's
22 not the identical data, for example. Somebody who would have
23 an iPad, an iPhone may well have all the same data on both. It
24 does appear that there was additional data not obtained or not
25 produced, as we describe in our letter.

1 But the second point to address is, we received 3500
2 material yesterday that notwithstanding the government's
3 contention that this was simply a decision by the agent, that
4 there was no relevant information to be had on that second
5 phone, that, in fact, the witness himself described the second
6 phone as perhaps being used by him for clandestine purposes and
7 that he wiped it subsequently, indicating there was data on it,
8 or it would certainly suggest that was the plausible reason he
9 proffered to the government in 3500 materials produced
10 yesterday, which raise a lot of questions about, well, what was
11 this phone.

12 THE LAW CLERK: Jury entering the courtroom.

13 THE COURT: To be continued.

14 (Jury present)

15 THE COURT: Good morning, ladies and gentlemen.

16 First, I am delighted to hear that you all tested
17 negative. It's rare in this life that negative is a good
18 thing. But in this case it very much is a good thing.

19 Also, I'm delighted for a different reason because, as
20 I've already expressed, I've been watching you folks from the
21 day this trial began, and you are an exceptional jury. You are
22 so attentive. You exercise such interest in everything that's
23 being presented and everything that's being brought to your
24 attention, which makes you an ideal jury, and it would have
25 broken my heart if we had to discontinue. I'm delighted.

1 I do want to make sure everyone, particularly the
2 lawyers and the other people in the audience, remember that one
3 of the reasons we had this negative result was, everyone abided
4 by the rules. Please be sure to keep social distancing, which
5 is very important at all times. I don't want to have to do
6 what I threatened to do the other day, which is exclude someone
7 from the courthouse for the rest of the trial. I'm sure that
8 won't be necessary.

9 Anyway, any congratulations to you. My thanks to you,
10 and we are ready to continue.

11 OLIVER HARGREAVES, resumed.

12 THE COURT: I remind the witness you are still under
13 oath.

14 DIRECT EXAMINATION

15 BY MS. LA MORTE:

16 Q. Good morning, Mr. Hargreaves.

17 A. Good morning.

18 Q. Mr. Hargreaves, when we left off on Friday, you were
19 testifying about a scheme you participated in with the
20 defendants involving a merchant called Eaze.

21 Do you recall that?

22 A. Yes.

23 Q. Where did you understand Eaze to be located?

24 A. In California, in the United States.

25 Q. Where did you understand its customer base to be?

1 A. In the United States.

2 Q. Overall, what was the goal of the Eaze scheme?

3 A. To allow Eaze to process credits and debit card
4 transactions via their website.

5 Q. Mr. Hargreaves ha, when did you first start participating
6 in the Eaze scheme? Roughly when?

7 A. In and around 2016 through until 2018.

8 Q. Let's start with your employment around the time that you
9 began, right before you began participating in the Eaze scheme.
10 Who were you working for at that time?

11 A. I was working for a company called PayGo.

12 Q. Who ultimately controlled that company?

13 A. Gary Murphy.

14 Q. What type of business was PayGo involved in?

15 A. Payment processing.

16 Q. What is payment processing?

17 A. It is a service business provided to e-commerce businesses
18 wishing to process, amongst other payment methods, credit and
19 debit cards by their website.

20 Q. You mentioned e-commerce business. What do you mean by
21 that?

22 A. I mean websites.

23 Q. What was your title at PayGo?

24 A. CEO.

25 Q. Were you involved when PayGo was initially formed?

1 A. I was, yes.

2 Q. Why was PayGo formed?

3 A. It was formed to provide payment services to websites in
4 high-risk arena and also illegal businesses.

5 Q. I just didn't hear. Did you say legal or illegal
6 businesses?

7 A. Illegal.

8 Q. Where was PayGo based?

9 A. Manila.

10 Q. Did PayGo focus on a particular market?

11 A. It did.

12 Q. What was that?

13 A. Online casinos an online forex businesses, trading.

14 Q. What were your duties and responsibilities as a CEO of
15 PayGo?

16 A. My duties involved seeking new banking partners and
17 procuring new clients for the business. My duties involved
18 managing the internal team involved with in the operations and
19 the day-to-day running of the company.

20 Q. In connection with your work at PayGo in the payment
21 processing world, did you come to learn generally how online
22 card transactions are processed and funded?

23 A. I did, yes.

24 Q. Who are the primary participants in a card transaction?

25 A. The cardholder, the cardholder's bank, also known as the

1 issuing bank, the merchant, the website's bank, known as the
2 acquiring bank, and Visa and MasterCard.

3 Q. Please walk us through that process one step at a time from
4 when a cardholder seeks to use their credit card to make a
5 purchase to when the customer is billed.

6 A. A cardholder would go on the website in which they were
7 looking to purchase a product or service. They would pick the
8 service or product from the website. They would then be taken
9 to a checkout on the website, and they would enter their card
10 details into that website, into that checkout. They would
11 then -- that transaction would then either be authorized or
12 declined by that bank, the issuing bank, and would then
13 subsequently, if authorized, go through to the acquiring bank
14 and either be authorized or declined utilizing the Visa or
15 MasterCard system.

16 Q. You mentioned issuing banks, acquiring banks, and Visa and
17 MasterCard. When a person uses their card to make a purchase
18 online, which entity is responsible for making the initial
19 determination as to whether that transaction is going to be
20 authorized?

21 A. The bank is, the issuing bank.

22 Q. Are you familiar with the term merchant processing account?

23 A. Yes, I am.

24 Q. How are you familiar with that term?

25 A. It is a type of business account specific to e-commerce

1 merchants, which is provided by acquiring banks.

2 Q. Elaborate a little bit more. What is a merchant processing
3 account?

4 A. It is the account in which the proceeds generated from the
5 service or product sold by the website housed. It is a
6 business account.

7 Q. What does the merchant processing account enable a business
8 to do?

9 A. To receive payments from the goods or services provided by
10 their website.

11 Q. To receive payments how?

12 A. Via credit -- typically, credit or debit cards.

13 Q. You may have already said this, but which participant in
14 the payment processing system houses that merchant processing
15 account?

16 A. The acquiring bank.

17 Q. Is the merchant processing account also referred to as a
18 mid, m-i-d?

19 A. Yes, it is.

20 Q. Aside from the merchant processing account, are there other
21 types of bank accounts that a business must obtain in order to
22 be able to accept debit and credit cards?

23 A. There is another account that is required for them to then
24 be able to access the income generated via the offering on
25 their website, which is termed as a settlement account. A

1 settlement account in nature is what most people would term a
2 business bank account from which you can access your money.

3 Q. In the course of a card transaction, how does that
4 settlement account receive funds?

5 A. Once the issuing bank has approved the transaction of those
6 funds and then subsequently the acquiring bank has approved the
7 transaction, after a period of time, typically 14 days, the
8 time it takes for a charge back not to be a possibility, they
9 are able to move money from the merchant, the website would be
10 able to move money from their merchant account to their
11 settlement account.

12 Q. Can you walk us through the flow of funds then that
13 accompanies a credit or debit transaction from the time the
14 transaction is placed to when it settles?

15 A. Yes. Cardholder goes onto a website, cardholder enters
16 their card details, the issuing bank decides whether to accept
17 or decline it, and then the acquiring bank will also decide
18 whether to accept or acquire it. The merchant then, after a
19 period of time, is permitted to move to transfer the money from
20 their merchant account to their settlement account.

21 Q. Where does that money ultimately originate from?

22 A. The cardholder purchasing on the website.

23 Q. So in the context of the Eaze scheme, do you have an
24 understanding of where the issuing banks were predominantly
25 located?

1 A. In the United States.

2 Q. Now, in the course of your work in the payments industry,
3 have you participated in payment processing schemes that
4 involved telling lies to banks?

5 A. Yes, I did.

6 Q. Did you personally participate in such schemes?

7 A. Yes, I did.

8 Q. Is it fair to say that that was part of your job working
9 for Gary Murphy?

10 A. Yes, it was.

11 Q. In the course of your work how would you typically refer to
12 such schemes?

13 A. Transaction-laundering schemes.

14 Q. Based on your experience, can you describe for us a bit
15 more how transaction-laundering schemes work?

16 A. Yes. If there was a merchant -- if there was a website
17 that was operating a business that was illegal, obviously they
18 would not be able to provide -- they would not be able to apply
19 for a merchant account with an acquiring bank. We would,
20 therefore, create fraudulent application packs with websites
21 created selling, for example, services or goods that we knew
22 would be accepted by the acquiring bank. We would make an
23 application to the acquiring bank, and we would then provide
24 the -- allow the merchant account to be used by the merchant,
25 the -- for the sake of this conversation, the merchant

1 conducting illegal business.

2 Q. What is the overall goal of a transaction-laundering
3 scheme?

4 A. To allow a website that would not normally be able to
5 process or to accept credit cards via their website, to be able
6 to accept credit cards via their website.

7 Q. You mentioned that you would present a fraudulent
8 application pack to the acquiring bank on behalf of your
9 client. Is that right?

10 A. That is correct.

11 Q. In your experience, why was it necessary for those clients
12 to have to proceed by way of a fraudulent application package?

13 A. Because if they were to apply themselves, they would be
14 declined by the acquiring bank. They would not be able -- they
15 would not receive a merchant account.

16 Q. A moment ago you mentioned or you testified that you
17 engaged in transaction-laundering schemes with some of your
18 PayGo clients.

19 Do you recall that?

20 A. I do, yes.

21 Q. Can you remind us of the types of clients that PayGo did
22 this for?

23 A. Yes. We provided this service to online casinos and online
24 foreign exchange trading businesses.

25 Q. Just very briefly, if you can, can you explain what forex

1 is.

2 A. It's the ability to trade on the FX market, buying and
3 selling currencies.

4 Q. With respect to your PayGo clients that you did this for,
5 did you make them aware that your company, PayGo, was providing
6 a payment solution through a transactions laundering scheme?

7 A. Yes, we did.

8 Q. Turning to the crimes that you committed with the
9 defendant, was that a type of transaction-laundering scheme, as
10 you understood it?

11 A. Yes, it was.

12 Q. Who retained your services to carry out that scheme?

13 A. Ray Akhavan.

14 Q. Before we discuss the Eaze scheme in more detail, let's
15 talk about your experience with transaction laundering more
16 generally.

17 Taking a step back, in the ordinary course of
18 business, how does a merchant typically go about obtaining a
19 merchanting processing account with an acquiring bank?

20 A. A merchant would research the acquiring banks that worked
21 with their particular services or goods. Once they decided
22 upon the acquiring bank that they wished to engage with, they
23 would contact the acquiring bank. They would request the
24 ability to apply for a merchant account, and they would receive
25 upon that request an application for and a list of supporting

1 documents that they would be required to provide.

2 Q. What type of documents would they typically be required to
3 provide in applying for a merchant processing account?

4 A. KYB and KYC documents.

5 Q. When you say KYB and KYC documents, what do you mean by
6 that?

7 A. They refer to know your business and know your customer,
8 and those documents would be incorporation papers for the
9 company, articles of association for the company, proof of
10 address for the company, proof of address for identification
11 for the UBO of the company, the unique beneficial owner, and
12 various other documents that would be required. Different
13 documents, depending on the specific requirements of the
14 acquiring bank.

15 Q. That is fair to say typically what a merchant needs to do
16 to apply for a merchant processing account with an acquiring
17 bank?

18 A. That's correct.

19 Q. How does that process differ, if at all, with respect to
20 your clients that are engaged in transaction-laundering
21 schemes?

22 A. Our clients -- we would buy shelf companies. We would
23 create websites, and we would provide -- I should say, we would
24 create fraudulent websites and shelf -- link them with shelf
25 companies, fill out the application forms for these fraudulent

1 businesses, and we would submit those to the acquiring banks.

2 Q. In the event that you obtained a merchant processing
3 account on behalf of the shelf company or fraudulent business,
4 as you say, what transactions would you then put through that
5 merchant processing account?

6 A. The true clients' transactions.

7 Q. Let's put this in terms of a concrete example. Can you
8 identify for us a client of PayGo for what you submitted a
9 fraudulent application package to an acquiring bank?

10 A. Yes, I can.

11 Q. Give us an example.

12 A. We had an online casino called Seftop. For Seftop we
13 created -- we bought a company, a shelf company. We created a
14 website, for example, selling golf equipment, golf clubs, golf
15 balls, golf clothing, and we created a fully functional website
16 selling these goods. We linked it to the shelf company. We
17 filled out the company forms. We obtained a settlement account
18 for this fraudulent business. And we submitted it -- we would
19 submit it to an acquiring bank.

20 Q. A few times you have used the term shelf company. Can you
21 explain what that is?

22 A. It is a company on paper only. It has no business
23 activities. It is merely a company that is being created to be
24 sold to somebody who has a requirement for a company.

25 Q. With respect to Seftop, the online casino, did the

1 application package that you submitted to the acquiring bank
2 identify Seftop as the merchant?

3 A. No, they did not.

4 Q. Did that application package identify that the transactions
5 that were going to be going through the account were online
6 casino transactions?

7 A. No, they did not.

8 Q. Sticking with this Seftop example, from the acquiring
9 bank's perspective, what transactions are being run through the
10 Seftop's merchant processing account?

11 A. As far as the acquiring bank was concerned, the
12 transactions were for people purchasing golf equipment.

13 Q. In reality, what transactions were being funneled through
14 the account?

15 A. Transactions being made on an online casino.

16 Q. Earlier a few moments ago you mentioned creating fraudulent
17 websites?

18 A. Yes, I did.

19 Q. Can you explain that a little bit more. What do you mean
20 by a fraudulent website?

21 A. I term it as fraudulent because it is not engaging in any
22 business activity. It is created purely to trick the acquiring
23 bank into providing us with a merchant account.

24 Q. Back to the Seftop example, the online casino example that
25 we have been talking about, you mentioned that a possible shelf

1 company that could be created would be like a golf ball
2 company, or something like that.

3 What type of fraudulent website then would you submit
4 to the acquiring bank?

5 A. We -- whatever business models that we felt would be
6 acceptable to that acquiring bank. It could be a multitude of
7 things, multitude of difference types of business.

8 Q. Would that fraudulent website reflect online casino
9 activity, or would it reflect activity of the shelf company
10 that you are using to apply to the acquiring bank?

11 A. It would reflect the activity of the shelf company.

12 Q. Let's talk about a few other aspects of payment processing
13 in this context. In the course of your experience with payment
14 processing, have you become familiar with the term MCC code?

15 A. Yes, I have.

16 Q. What is an MCC code?

17 A. An MCC code is a code provided in order to clarify the
18 business nature for a specific type of business that is
19 acceptable to be processed by an acquiring bank provided by
20 Visa and MasterCard.

21 Q. In the transaction-laundering schemes that you participated
22 in, were the MCC codes misleading or falsified in any way?

23 A. They were misleading, yes, and they were falsified.

24 Q. How so?

25 A. We were providing businesses that were operating with MCC

1 codes that were not connected to the true original of the
2 transactions.

3 Q. Let's go back to the Seftop online casino example that we
4 have been discussing. Do you know what the MCC code is for
5 online gambling?

6 A. Yes, I do. It's 7995.

7 Q. Was that MCC code used in connection with the
8 transaction-laundering scheme that you did on behalf of Seftop?

9 A. No, it was not.

10 Q. What kind of MCC code would have been used?

11 A. One for retail goods.

12 Q. Are you familiar with the term descriptor?

13 A. Yes, I am.

14 Q. How are you familiar with that term?

15 A. It is the verbiage that appears on a cardholder's credit
16 card statement to advise them what they have made a payment for
17 utilizing their credit card.

18 Q. Then taking the Seftop example that we have been
19 discussing, what kind of a descriptor would appear on a Seftop
20 customer's card statement?

21 A. Golfballs.com, for example.

22 Q. Let's turn to charge backs. Are you familiar with charge
23 backs?

24 A. Yes, I am.

25 Q. What's a charge back?

1 A. Charge back is when a client received, for example -- can I
2 use an example?

3 Q. Yes.

4 A. If an individual was to receive their credit card statement
5 and see some language or payment on that credit card that they
6 did not recognize, they would contact their bank, the issuing
7 bank, and they would demand the issuing bank have the money
8 returned to their account. When this demand was made, the
9 issuing bank would aggressively request the money to be
10 returned to that bank from the acquiring bank, i.e., the bank
11 where the funds are being transferred to in the course of that
12 transaction.

13 Q. To be clear, which entity initiates a charge back?

14 A. The issuing bank.

15 Q. Are charge backs of particular concern in the context of a
16 transaction-laundering scheme?

17 A. Yes, they are.

18 Q. Why is that?

19 A. They draw in welcome attention to the merchant account.

20 Q. Why is that a problem or a potential problem?

21 A. It can lead to the -- there is a threshold, a percentage
22 threshold and account threshold of charge backs that are
23 permitted via -- by Visa or MasterCard in relation to a
24 merchant account. If the number of charge backs or the
25 percentage of charge backs goes beyond that amount, then it can

1 lead to the account being closed.

2 Q. Are there measures that you have typically taken to avoid
3 detection of a transaction-laundering scheme?

4 A. Yes, there were.

5 Q. Can you provide us with some of the key examples or steps
6 that you have taken.

7 A. We would make sure that the websites that we created were
8 fully functional, operated exactly the same as a normal website
9 that you would visit and purchase goods from. We would make
10 sure that there was fully functional customer support so that
11 if anybody -- if somebody from the compliance department of the
12 bank or random individual happened upon the website and decided
13 to contact the website. Obviously, these businesses were being
14 presented as businesses that were generating a large amount of
15 money on a monthly basis. Therefore, it was important that
16 these websites, if anyone was to check how many visitors were
17 actually going to these websites on -- during a typical month,
18 it should be a high amount. Obviously, these websites were not
19 receiving -- nobody was visiting these websites, so we would
20 contract the services of a company that effectively had a room
21 full of people who were there purely to visit websites, to give
22 the impression that these websites had a large amount of
23 visitors on a monthly basis to support the amount of money they
24 were then generating or meant to be generating on a monthly
25 basis.

1 Q. Earlier you told us that you engaged in a
2 transaction-laundering scheme with the defendants involving a
3 merchant called Eaze, is that correct?

4 A. Yes, that is correct.

5 Q. Let's talk about how you came to be retained to carry out
6 this scheme. Earlier you told us that you engaged in
7 transaction-laundering schemes as part of your work at PayGo,
8 is that right?

9 A. Yes, that is correct.

10 Q. At the time that you first learned of Eaze, what company
11 were you working for at that time?

12 A. I was working for a company called Intrapay.

13 Q. What is Intrapay?

14 A. It's a payment service provider.

15 Q. Who ultimately controlled Intrapay?

16 A. Gary Murphy.

17 Q. Is that the same person that controlled PayGo?

18 A. Yes, it is.

19 Q. What was the business of Intrapay?

20 A. To provide websites with the ability to process credit and
21 debit cards via their websites.

22 Q. Where was Intrapay headquartered?

23 A. In Malta.

24 Q. What was your association with Intrapay?

25 A. I briefly worked at Intrapay in a sales role.

1 Q. Who did you report to at Intrapay?

2 A. Koen Van Prat.

3 Q. What was his control at the company, Intrapay?

4 A. He was the CEO.

5 Q. Was there a particular market or client or type of client
6 that Intrapay targeted?

7 A. Yes. Their target audience was what we termed as high-risk
8 websites. That would be adult content. It could be gambling.
9 It could be FX trading. It could be airline tickets, travel
10 tickets.

11 Q. I believe you said you reported to Koen Van Prat, is that
12 correct? Is that right?

13 A. That is correct.

14 Q. Who did he report to?

15 A. To Gary Murphy.

16 Q. Did you report to Gary Murphy as well?

17 A. Yes, I did.

18 MS. LA MORTE: Mr. Levine, can you put on the screen
19 for the witness only what has been marked for identification as
20 Government Exhibit 7.

21 Q. Mr. Hargreaves, is that on your screen?

22 A. Yes, it is.

23 Q. Do you recognize this?

24 A. Yes, I do.

25 Q. What is it?

1 A. It's a photo of Koen Van Prat.

2 Q. Is it true and accurate depiction of Koen Van Prat?

3 A. Yes, it is.

4 MS. LA MORTE: The government offers Government
5 Exhibit 7?

6 MR. ARTAN: No objection.

7 MR. TAYBACK: Join.

8 THE COURT: Received.

9 (Government Exhibit 7 received in evidence)

10 MS. LA MORTE: Mr. Levine, can you publish that for
11 the jury.

12 Q. Mr. Hargreaves, approximately when did Koen Van Prat become
13 the CEO of Intrapay?

14 A. In the summer of 2017.

15 MS. LA MORTE: You can take that down, Mr. Levine.

16 Q. What did he do before coming to Intrapay?

17 A. He was the chief commercial officer, as far as I
18 understood, for a bank -- an acquiring bank called Credorax.

19 Q. Where was Credorax located or headquartered?

20 A. In Malta and a number of other locations.

21 Q. Now, did there come a time when Intrapay, between you and
22 Koen, began to solicit certain business opportunities from the
23 defendant, Ray Akhavan?

24 A. Yes, that is correct.

25 Q. Approximately when did this start?

1 A. In August of 2017.

2 Q. Let's walk through how that came about. Who introduced Ray
3 as a potential client of Intrapay?

4 A. Koen Van Prat.

5 Q. Have you ever personally interacted with Ray prior to this
6 time?

7 A. No, I had not.

8 Q. Approximately when did Koen first start speaking to you
9 about pursuing Ray as a client?

10 A. In August 2017.

11 Q. How did he do that?

12 A. We communicated via message and verbally using the
13 application WhatsApp.

14 Q. Did you understand Koen and Ray to have a preexisting
15 relationship?

16 A. Yes, I did.

17 Q. What was your understanding of that relationship?

18 MR. TAYBACK: Objection. Foundation.

19 THE COURT: Lay a foundation.

20 Q. Mr. Hargreaves, you testified earlier that you understood
21 that Koen Van Prat and Ray had a preexisting relationship,
22 correct?

23 A. Yes, I did.

24 Q. Did you have conversations with Koen about his prior
25 relationship with Ray?

1 A. Yes, I did.

2 Q. What was your understanding of Koen's preexisting
3 relationship with Ray?

4 A. That it was a commercial relationship.

5 Q. What do you mean by that?

6 A. That Ray was a client of Koen's previous employer.

7 Q. Could you remind us who Koen's previous employer was?

8 A. An acquiring bank called Credorax.

9 Q. Your understanding was that Ray was a client of Credorax at
10 some point?

11 A. It was my understanding, yes.

12 Q. Was Koen's relationship with Ray a factor in your decision
13 to pursue business opportunities with Ray?

14 A. Yes, it was.

15 Q. Through your conversations with Koen, did you come to have
16 an understanding of the nature of Ray's business and certain
17 aspects of how it operated?

18 MR. TAYBACK: Objection. Leading and foundation.

19 THE COURT: The proper objection would have been
20 compound, but I'll sustain the objection.

21 Q. Did you have any conversations with Koen, Mr. Hargreaves,
22 about the nature of Ray's business?

23 A. Yes, I did.

24 Q. What did Koen relay to you about the nature of Ray's
25 business?

1 A. That he had -- his business was adult content.

2 Q. Just briefly, what do you mean by adult content?

3 A. I mean his websites, people would pay subscriptions in
4 order to view adult videos, as in pornography.

5 Q. Was the nature of Ray's business also a factor in your
6 decision to pursue business opportunities with Ray?

7 A. Yes, it was.

8 Q. Did you have conversations with Koen about certain aspects
9 of how Ray's adult business operated?

10 A. Yes, I did.

11 Q. Was that a factor in your decision to pursue business
12 opportunities with Ray?

13 A. Yes, it was.

14 Q. What was your understanding from Koen of how Ray's adult
15 business operated?

16 A. My understanding was -- I would say the key element is that
17 it had very, very high charge backs and my understanding for
18 the reasons -- my understanding, from my conversations with
19 Koen, the reasons for this was that the marketing on the
20 websites the way -- what was offered to potential customers was
21 misleading. And, effectively, I believe that Koen explained to
22 me that basically the websites that were presented to the
23 acquiring banks were different than the websites that were
24 presented -- were viewed by the customers.

25 (Continued on next page)

1 MR. ARTAN: Objection. Move to strike as hearsay.

2 MR. TAYBACK: Join.

3 THE COURT: Sustained.

4 MS. LA MORTE: Your Honor, this isn't being offered
5 for the truth.

6 THE COURT: I understand that, but I don't think that
7 that level of detail is necessary for any legitimate reason
8 that you would be offering it relating to this witness'
9 understanding as background to his further relationship with
10 the defendant, and I think we need to move forward. Sustained.

11 MS. LA MORTE: Sure.

12 BY MS. LA MORTE:

13 Q. Okay. So, Mr. Hargreaves, at a high level, what were the
14 business opportunities that you and Koen were exploring with
15 Ray?

16 A. We were interested in soliciting his adult business and a
17 second line of business, which was Eaze.

18 Q. And how did Koen initially relay these opportunity to you?

19 A. Via website.

20 Q. Mr. Levine, can you put on the screen for the witness what
21 has been marked for identification as Government Exhibit 4105.

22 Mr. Hargreaves, just take a second and look at that.
23 Let me know if you recognize it. And if you need Mr. Levine to
24 scroll, just let us know.

25 A. Yes, I recognize it.

1 Q. What is this?

2 A. They are messages taken from my WhatsApp account.

3 Q. Messages between who and who?

4 A. Myself and Koen Van Prat.

5 Q. Are you a participant in all these messages?

6 A. Yes, I am.

7 Q. And what is the general subject matter of these messages?

8 A. The subject matter is the -- it's us initially discussing
9 the opportunity of providing services to -- payment services to
10 Ray.

11 MS. LA MORTE: Government offers government
12 Exhibit 4105.

13 MR. ARTAN: Reiterate prior objections.

14 MR. TAYBACK: Join. Lack of foundation with respect
15 to the summary.

16 THE COURT: Hold on. Overruled. Received.

17 MS. LA MORTE: Mr. Levine, can you publish this for
18 the jury.

19 (Government's Exhibit 4105 received in evidence)

20 MS. LA MORTE: And can you go to page 2 and then go to
21 page 3. Can you highlight rows 2145 and 2146.

22 BY MS. LA MORTE:

23 Q. Mr. Hargreaves, do you see that highlight on your screen?

24 A. Yes, I do.

25 Q. Focusing on that top message, 2145, that's a message from

1 who to who?

2 A. It's a message from Koen Van Prat to myself.

3 Q. And can you read it aloud?

4 A. "Check this out as well. We discussed tomorrow. We can
5 process it as clean business. Will expand on it.

6 HTTPS://www.Eaze.com."

7 Q. And then, Mr. Levine, you can zoom back out.

8 What is your response?

9 A. Dot, dot, dot "brilliant," exclamation mark, exclamation
10 mark.

11 Q. And when Koen there says "we can process it as clean
12 business," what do you understand that to mean?

13 A. I understand it to be -- to mean it has very low
14 chargebacks.

15 Q. And what is the date of these messages?

16 A. The 29th of the eighth month, 2017.

17 Q. The 29th of the eighth month, is that -- what do you say,
18 is that August?

19 A. Yes.

20 Q. Okay. You can take that down, Mr. Levine.

21 So a few moments ago, you told us that you and Koen,
22 through Intrapay were exploring processing Ray's adult traffic
23 and then processing traffic through him for Eaze.com. So let's
24 start by focusing on Eaze.

25 At the time that you and Koen were exploring this

1 opportunity with Ray, did you understand that Ray had been
2 working with another payment processor?

3 A. Yes, I did.

4 Q. How did you learn that information?

5 A. From Koen Van Prat.

6 Q. And which payment processor was Ray working with?

7 A. Clearsettle.

8 Q. Were you familiar with Clearsettle?

9 A. Yes, I was.

10 Q. How were you familiar with Clearsettle?

11 A. Because I had previously worked with them.

12 Q. In what context, just briefly?

13 A. Payment processing.

14 Q. Who was in charge of Clearsettle?

15 A. Ozan Ozerk.

16 Q. Mr. Hargreaves, where is Clearsettle based?

17 A. London.

18 Q. Mr. Levine, can you put up on the screen for the witness
19 what has been marked for identification Government Exhibit 8.

20 Mr. Hargreaves, is that on your screen?

21 A. Yes.

22 Q. Do you recognize this?

23 A. Yes, I do.

24 Q. What is it?

25 A. It's a photo of Ray Akhavan and Ozan Ozerk.

1 Q. It's an accurate depiction of Ray Akhavan and Ozan Ozerk?

2 A. Yes, it is.

3 MS. LA MORTE: Government offers Government Exhibit 8.

4 MR. ARTAN: No objection.

5 MR. TAYBACK: No objection.

6 THE COURT: Received.

7 (Government's Exhibit 8 received in evidence)

8 MS. LA MORTE: Can you please publish that,

9 Mr. Levine. Oh, I'm sorry we can take that down, Mr. Levine.

10 BY MS. LA MORTE:

11 Q. Mr. Hargreaves, did you come to learn that Clearsettle was
12 having problems processing the Eaze transactions?

13 A. Yes, I did.

14 Q. How did you learn this?

15 A. From Koen Van Prat.

16 Q. And what was your understanding of what those problems
17 were?

18 A. That they were having a difficult relationship with their
19 acquiring bank due to the nature of -- due to problems
20 surrounding the transactions that they were processing on
21 behalf of other merchants.

22 Q. And what was your understanding of what acquiring bank
23 Clearsettle was working with at that time?

24 A. They were working -- the bank that I was aware of was a
25 bank called Clearhaus.

1 Q. Now, did you and Koen discuss a potential solution to
2 propose to Ray?

3 A. Yes, we did.

4 Q. Did that solution involve processing his adult traffic, the
5 Eaze traffic, both or neither?

6 A. Both of them.

7 Q. And generally, what solution was that, that you and Koen
8 proposed?

9 A. We had sourced an acquiring bank that we wanted to -- that
10 we wanted to take both the adult traffic and the Eaze traffic
11 and attempt to process it through the acquiring bank that we
12 had discussed this opportunity with and who were open to the
13 opportunity.

14 Q. What acquiring bank was that?

15 A. Paydantics.

16 Q. And was Ray interested in this solution?

17 A. Yes, he was.

18 Q. And why were you interested in pursuing these business
19 opportunities with Ray Akhavan?

20 A. Commercial gain for the company I worked for.

21 Q. And did you and Koen make efforts to implement this
22 solution?

23 A. Yes, we did.

24 Q. And focusing on Eaze specifically, what efforts did you
25 make?

1 A. We engaged -- we engaged with the defendant. We engaged
2 with Clearsettle. We engaged with Paydantics and the -- with
3 an eye -- with a view to having Clearsettle integrate into
4 ourselves, and ourselves integrating into the acquiring bank,
5 Paydantics, in order to process credit card payments for the
6 Eaze payments. It was a tri-party relationship.

7 Q. You say tri-party relationship, and just to be clear, who
8 were the parties?

9 A. Paydantics, Intrapay and Clearsettle.

10 Q. Now, who were the key people that you worked with to try to
11 implement this solution?

12 A. Clearsettle and, internally, myself and Koen Van Prat, the
13 management team that Paydantics and a consultant.

14 Q. What was the name of the consultant?

15 A. Stanley Skoglund.

16 Q. All right. So let's start to focus on Clearsettle. What
17 was Clearsettle's role to be in proposing a solution to Ray?

18 A. Could you repeat the question?

19 Q. Sure. Focusing on Clearsettle, can you explain to us what
20 Clearsettle's role was going to be in connection with your
21 proposed solution to Ray?

22 A. Yes. To be perfectly honest with you, he -- the
23 requirement to have two payment solution providers sitting
24 between a merchant and an acquiring bank, which was not a
25 requirement. It was really us trying to wedge ourselves

1 between our acquiring banking relationship and Clearsettle, who
2 had the relationship with the merchant, Eaze, and was already
3 providing the service that we had discussed. So it was really
4 a matter of professional courtesy, if you'd like to call it
5 that.

6 Q. All right. So you said that Clearsettle had a relationship
7 with Eaze already; is that right?

8 A. Well, they had a relationship with Ray.

9 Q. Just to be clear, what were you trying to bring to the
10 table?

11 A. We were trying to bring the acquiring bank to the table.

12 Q. Was that Paydantics?

13 A. That's right.

14 Q. Was Ozan Ozerk involved in your efforts to facilitate the
15 processing of Eaze transactions?

16 A. Yes, he was.

17 Q. What did you discuss, generally?

18 A. We discussed the type of fraudulent application packs that
19 we would create, the type of domain names that they were
20 already using, the historical transactional data, and we
21 discussed the integration between their platform -- their
22 payment platform and our payment platform.

23 Q. Now, you mentioned historical transactional data; is that
24 right? Is that something that Ozan had provided to you?

25 A. Yes, it was.

1 Q. And what was this transactional data; what did it generally
2 reflect?

3 A. It reflected credit card transactions that were processed
4 by a fraudulent merchant account, fraudulently obtained
5 merchant accounts. However, the transactions were from the
6 merchant, the true merchant, Eaze.

7 Q. Was Eaze's identity concealed in connection with
8 Clearsettle's processing of the company's credit card
9 transactions?

10 A. Yes, it was.

11 Q. And what about the nature of Eaze's business, was that
12 concealed in connection with the Clearsettle processing of
13 Eaze's card payments?

14 A. Yes, it was.

15 Q. In your discussion with Ozan, did you come to learn of the
16 approximate volume of Eaze transactions that Clearsettle had
17 been processing per month, roughly?

18 A. Yes, I did.

19 Q. And what was that?

20 A. At that time, between 3 and \$4 million a month.

21 Q. Now, you mentioned in connection with trying to implement
22 your proposed processing solution to Ray, that you had
23 conversations with representatives from Paydantics; is that
24 right?

25 A. That's correct.

1 Q. Can you remind us what Paydantics is?

2 A. It's an acquiring bank.

3 Q. And where is Paydantics based?

4 A. In Bulgaria.

5 Q. And generally, what did you discuss with the Paydantics
6 representative?

7 A. The implementation of a transaction-laundering scheme.

8 Q. And did that discussion involve discussion of Eaze
9 specifically?

10 A. Yes, it did.

11 Q. Did Paydantics express any issues or concerns with
12 processing the Eaze traffic?

13 A. No, they did not.

14 Q. Were you ever able to integrate with Paydantics?

15 A. Yes, we were.

16 Q. And what happened?

17 A. We -- if I can revert back to your earlier question.

18 Q. Sure.

19 A. In relation to issues, there was no issue processing or
20 finding a way to process transactions for the underlying
21 merchant, in this case Eaze. However, initially we had issues
22 deciding upon what was acceptable to them in relation to the
23 fraudulent websites that we were creating, what type of
24 businesses we would create.

25 We then integrated with Paydantics. However, due to

1 the slightly convoluted nature of the integration from merchant
2 to one payment service provider to another payment service
3 provider to an acquiring bank, meant that there was a lot of
4 problems on actually initially trying to process a transaction.

5 Subsequently, we then realized that Paydantics
6 actually were not really in a position to support this type of
7 business.

8 Q. Okay. So you testified earlier that you began exploring --
9 you and Koen began exploring these business opportunities with
10 Ray in roughly summer of 2017; do you recall that?

11 A. Yes, I do.

12 Q. Did there come a time when you met with Ray in person?

13 A. Yes.

14 Q. And approximately when did that meeting occur?

15 A. In September 2017.

16 Q. Was this the first time that you ever met Ray?

17 A. Yes, it was.

18 Q. And who attended this meeting?

19 A. Ray, Koen and myself.

20 Q. Where did you meet?

21 A. In a restaurant in Luxembourg.

22 Q. Why in Luxembourg?

23 A. Because Ray was flying into the -- to discuss some business
24 matters with a local bank there, and it was an opportunity for
25 us to -- taking advantage of the fact that he was in Europe and

1 we were able to meet him.

2 Q. And describe the location where you and Koen met Ray in
3 Luxembourg?

4 A. It was in a private members club with a restaurant and a
5 bar.

6 Q. And what topics did you discuss during this meeting with
7 Ray and Koen?

8 A. We discussed a service that we had that we wanted to --
9 that I believe Koen had discussed with Ray already, and but it
10 was something that I was managing within the company, which was
11 a service that would reduce the chargebacks dramatically on
12 his -- for his adult traffic, and we briefly discussed Eaze as
13 a merchant.

14 Q. So tell us about the discussion involving Eaze. What was
15 said?

16 A. Ray talked about the merchant in high regards, in relation
17 to low chargebacks and high -- existing high volume of monthly
18 income generated by credit card transactions that he felt would
19 only increase.

20 Q. And at this time, what was your understanding of Ray's
21 relationship with Eaze?

22 A. My understanding was that they were his client.

23 Q. And you may have testified to this earlier, but did you
24 have an understanding of the location of Eaze's customer base?

25 A. My understanding was that they were in California.

1 Q. And did you believe that there were risks in processing the
2 Eaze traffic?

3 A. Yes, I did.

4 Q. What were those risks as you understood them?

5 A. My understanding was that it was legal to sell, with a
6 license, marijuana in California. However, it was not
7 permitted to accept credit card payments for those goods as
8 the -- as that came under federal law.

9 Q. Did you and Koen, nonetheless, agree to pursue this
10 business opportunity with Ray?

11 A. Yes, we did.

12 Q. Why did you do that?

13 A. For commercial gain.

14 Q. What were your observations about Ray during this meeting
15 in Luxembourg?

16 A. I found him quite shifty. I found him slightly agitated.
17 I found him knowledgeable on his subject matter, reserved in
18 the language he used in response to what we were presenting
19 him.

20 Q. Did Ray relay to you and Koen why he was -- seemed to be
21 agitated?

22 A. Yes. He -- I believe his relationship with the bank that
23 he was meeting in Luxembourg had been problem -- it was a
24 problematic meeting. It was not going the way he wanted, and
25 also, that there were -- he had money blocked with a second

1 acquiring bank.

2 Q. Were there any takeaways from the Luxembourg meeting?

3 A. I couldn't tell, although I was -- although he -- I would
4 say that Ray kept his cards close to his chest.

5 Q. Was Intrapay ever able to successfully process Ray's adult
6 traffic?

7 A. In the future, yes.

8 Q. And were you ever able to successfully process the Eaze
9 transactions with Clearsettle and Paydantics?

10 A. No, I was not.

11 Q. Why not?

12 A. As I mentioned earlier, Paydantics were not equipped to
13 manage a US-dollar-transaction-only merchant.

14 Q. What is your understanding of why Paydantics would not have
15 been able to manage U.S. dollar transactions from a U.S.
16 merchant?

17 MR. TAYBACK: Objection, foundation.

18 THE COURT: Overruled, partly because no objection was
19 made to the previous question and answer, which assumed his
20 understanding, but in any event, independent of that, I would
21 also overrule the objection. Overruled. You may answer.

22 A. Could you repeat the question, please?

23 Q. The question was, what is your understanding as to why
24 Paydantics would not have been able to manage U.S. dollar
25 transactions from a U.S. merchant?

1 A. It was very -- it would be very strange for a U.S.
2 merchant, or U.S. website, to go to a European bank if they
3 were only processing U.S. dollars because the cost was much
4 higher.

5 Q. Okay. So, Mr. Hargreaves, on Friday in your testimony you
6 had told us that your role in the Eaze scheme with the
7 defendants was to create fraudulent application packs; is that
8 right?

9 A. That's correct.

10 Q. All right. So let's talk about how that became your role.
11 Did you use Intrapay in connection with that work?

12 A. No, I did not.

13 Q. What company did you use?

14 A. A company called 1A Commerce.

15 Q. Did that company operate under any other names or brands?

16 A. Yes, we operated under the brand iMerchant Services.

17 Q. And why did you use that company instead of Intrapay?

18 A. Because Intrapay was to be conducting legitimate business,
19 and iMerchant Services was providing an illegal service.

20 Q. And who ultimately controlled iMerchant Services?

21 A. Gary Murphy.

22 Q. Is that the same person that we had previously discussed
23 that you had reported to?

24 A. Yes, it is.

25 Q. Where is iMerchant Services based, or where was it based?

1 A. In Malta.

2 Q. So earlier we spoke about your Luxembourg meeting with Ray
3 and Koen; do you remember that?

4 A. Yes, I do.

5 Q. And did you have subsequent meetings with Ray, Koen and
6 others?

7 A. Yes, I did.

8 Q. Where did you meet next?

9 A. We met in Ray's office in Calabasas, in Los Angeles.

10 Q. Roughly when did that meeting occur?

11 A. In January of 2018.

12 Q. Was it a single meeting or a series of meetings?

13 A. It was a series of meetings over a couple of days.

14 Q. Who organized the meetings?

15 A. Predominantly Koen and Ray's assistant, Tanya.

16 Q. Did Tanya go by any other name?

17 A. Bubbles.

18 Q. And I believe you said that the meeting was held in Ray's
19 office in Calabasas; is that correct?

20 A. Yes, it is.

21 Q. And who did you go to the meeting with?

22 A. Koen Van Prat.

23 Q. What did the outside of Ray's office building look like?

24 A. It was a nondescript, cube-like, square office.

25 Q. Sorry, I didn't mean to interrupt you.

1 A. It was a nondescript, square and cube-like office.
2 Q. Mr. Levine, can you put on the screen just for the witness
3 two exhibits, Government Exhibit 4102 and Government
4 Exhibit 106.

5 Mr. Hargreaves, is that on your screen, Government
6 Exhibit 106 and 4102?

7 A. Yes, they are.

8 Q. Do you recognize these?

9 A. Yes, I do.

10 Q. What are they?

11 A. They are photos of Ray's office.

12 Q. Outside or inside?

13 A. Outside.

14 Q. Are they accurate depictions of the outside of Ray's office
15 in Calabasas?

16 A. Yes, they are.

17 MS. LA MORTE: Government offers Government
18 Exhibits 4102 and 106.

19 MR. ARTAN: No objection.

20 MR. TAYBACK: No objection.

21 THE COURT: Received.

22 (Government's Exhibits 4102 and 106 received in
23 evidence)

24 MS. LA MORTE: Please publish, Mr. Levine. Okay. You
25 can take those down. Thank you.

1 BY MS. LA MORTE:

2 Q. Mr. Hargreaves, walk us through what you saw when you
3 entered this building, up through when you get to Ray's actual
4 office.

5 A. I entered through a door from the car park. You would come
6 into a small, very small entrance with -- to your left was a
7 sharp set of stairs going upwards, and to the left, at the top
8 of those stairs, to the left was Ray's office. Straight ahead,
9 if you looked straight ahead, there was a kitchenette.

10 If you were to take a right at the top of the stairs,
11 you would come into a larger room, which had desks on either
12 side. And if you passed through those desks, there were three
13 offices, one on the left, one on the right and one at the
14 middle at the end of that room.

15 Q. So with respect to -- you described a few interior offices;
16 is that right?

17 A. Correct.

18 Q. Who inhabited those interior offices?

19 A. The office to the left at the top of the stairs was Ray's
20 office. If you were to take a right, I don't know who occupied
21 the desks in there, in the communal office, and at the end,
22 there were three individual offices. It was a lady, I don't
23 recall her name. There was an office occupied by Guy, Ray's
24 partner, and I believe the other office was occupied by an
25 employee called Medhat.

1 Q. Okay. So you mentioned Guy, and I believe you said he was
2 Ray's partner; what do you mean by that?

3 A. I believe he was his business partner.

4 Q. And what makes you say that?

5 A. Koen Van Prat told me.

6 Q. And what about Medhat? You mentioned Medhat as an
7 employee. Who was Medhat?

8 A. I believe he was in -- responsible for the technical
9 aspects of their business.

10 Q. And how do you know that?

11 A. Communications I had on e-mail and conversations.

12 Q. Communications with who?

13 A. With Medhat.

14 Q. Okay. So you mentioned Ray's actual office. Can you
15 describe for us what Ray's actual office looked like?

16 A. If you have -- if you were to have your back to the door,
17 having entered, to your left were windows looking out on the
18 car park and some sofas underneath them, a communal sitting
19 area.

20 To the right of those sofas was his desk, and to the
21 left of the door, with your back to the door, there was a TV
22 with a games console underneath it.

23 If you looked directly across the room to your right,
24 you would see his assistant, Tanya's desk.

25 If you were to walk around to the right of the office,

1 it would take -- it was an area that was unused and would take
2 you through to a showering and toilet.

3 Q. Okay. So let's talk about the meeting. You said there
4 were a series of meetings; is that right?

5 A. Yes, that's correct.

6 Q. Who attended the meetings at any particular time?

7 A. Myself, Koen Van Prat, Ruben Weigand, Ray Akhavan, there
8 were a number -- there were a couple of employees from an
9 acquiring bank who were not really relative to our
10 conversations. At certain points Guy came into the room, more
11 to say hello than anything. And Tanya was also present.

12 MR. ARTAN: Your Honor, objection as to meetings and
13 conflating the description. So it's a foundational objection.

14 MR. TAYBACK: Join.

15 THE COURT: Overruled. You may clarify that on cross,
16 as I suspect it will be clarified on direct.

17 MS. LA MORTE: Yes.

18 BY MS. LA MORTE:

19 Q. So you mentioned a number of people that were at the
20 meetings. Were all these people there for all the meetings, or
21 were they -- was there a specific group of people that was
22 there for all the meetings?

23 A. There was a specific group of people there that I was there
24 to meet with and I was speaking with.

25 Q. And who was that group?

1 A. Myself, Koen, Ray and Ruben.

2 Q. And I believe you testified that this -- these meetings
3 occurred in January of 2018?

4 A. That is correct.

5 MS. LA MORTE: Your Honor, at this point, I would like
6 to read -- to publish to the jury and then read a portion of
7 Government Exhibit S2, which is a stipulation regarding travel
8 records.

9 THE COURT: Yes.

10 MS. LA MORTE: Mr. Levine, can you put up, display.
11 Thank you.

12 Okay. I will start reading with paragraph 2, the
13 first sentence. So, Mr. Levine, if you can just highlight that
14 or blow it up.

15 "Defendant Ruben Weigand traveled from Munich,
16 Germany, to Los Angeles on January 15, 2018, and traveled from
17 Los Angeles to Zurich, Switzerland (Zurich) on January 29th,
18 2018."

19 Now, if we can go to the next page, paragraph 3.

20 "Oliver Hargreaves traveled from London to Los Angeles on
21 January 14th, 2018, and traveled from Chicago, Illinois, to
22 Montreal, Canada, on January 18, 2018."

23 Then finally, paragraph 4. "Koen Van Prat's traveled
24 from Zurich to Los Angeles on January 14th, 2018, and traveled
25 from Los Angeles to Zurich on January 17th, 2018."

1 And we can zoom out of that.

2 "It is further agreed that this stipulation, which is
3 marked as Government Exhibit S2, may be received in evidence as
4 Government Exhibit at trial."

5 The government hereby offers Government Exhibit S2.

6 THE COURT: Received.

7 (Government's Exhibit S2 received in evidence).

8 BY MS. LA MORTE:

9 Q. Mr. Hargreaves, what was the overall purpose of the meeting
10 in Calabasas?

11 A. To plan to discuss and plan the transaction-laundering
12 scheme on behalf of the merchant Eaze. Sorry. Also, we were
13 still -- we were still pursuing the opportunity of processing
14 payments for Ray's adult business, and I was also interested in
15 creating websites for his adult business as well.

16 Q. Did there ever come a time that you created websites for
17 that adult business?

18 A. No, I did not.

19 Q. Did you take pictures at any point during these meetings?

20 A. Yes, I did.

21 Q. Why did you do that?

22 A. At a certain point in the meeting, I was not involved in
23 discussions, and I was communicating with Gary Murphy, and he
24 was curious to know what certain people at the meeting looked
25 like.

1 Q. And just briefly remind us who Gary Murphy is?

2 A. My previous employer.

3 Q. Mr. Levine, can you put up on the screen just for the
4 witness -- and we can do these two at a time or one at a time,
5 whatever is easier -- Government Exhibits 101 through 105; so
6 101, 102, 103, 104, 105.

7 Okay. Now, you can put on 103 and 104.

8 And now, Mr. Hargreaves, have you been looking at
9 these as they've been displayed?

10 A. Yes, I have.

11 Q. And now you can put up Government Exhibit 105, please,
12 Mr. Levine.

13 Mr. Hargreaves, do you recognize the pictures that
14 were just shown to you?

15 A. Yes, I do.

16 Q. What are they? I'm sorry. What are they?

17 A. They are photos of meetings conducted at Ray's office in
18 his office in Calabasas.

19 Q. Are these the photographs that you took?

20 A. Yes, they are.

21 MS. LA MORTE: Government offers Government Exhibits
22 101, 102, 103, 104 and 105.

23 MR. TAYBACK: Object to 102, and I'd like to be heard
24 at the sidebar on that, if possible. No objection to the
25 others.

1 MR. ARTAN: Join.

2 THE COURT: All right. I think, because I have to
3 take a telephonic conference at 11:15 when we normally give the
4 jury their break, that since we'll have -- you want a
5 conversation at the sidebar, why don't we give the jury their
6 mid-morning break now, and we'll reconvene. My conference will
7 take about ten minutes; so we'll reconvene at 25 after. So
8 you're excused until 25 after.

9 (Jury not present)

10 THE COURT: Please be seated. So what's the objection
11 to 102?

12 MR. TAYBACK: Your Honor, it would be preferable not
13 to argue this in front of the witness.

14 THE COURT: All right. The witness is excused. We'll
15 see you at 25 after.

16 (Witness temporarily excused)

17 THE COURT: Okay.

18 MR. TAYBACK: Your Honor, GX102 is a photograph.

19 THE COURT: I see it.

20 MR. TAYBACK: It shows an IV that's being
21 administered, and I think it invites speculation. I think it's
22 irrelevant. I think it is potentially prejudicial, and I think
23 it's completely unnecessary.

24 It was stipulated to the identification of my client,
25 which some of these photos may -- are going to go to, not this

1 one. I think the room is otherwise adequately photographed, as
2 are the participants at the meeting.

3 MS. LA MORTE: Your Honor, I think the witness -- I
4 wasn't going to ask him, but I think the witness would testify
5 this is a vitamin drip. It's just vitamins. And I think that
6 this picture is relevant.

7 THE COURT: What is shown on 102 that's not shown on
8 the other four photographs?

9 MR. TAYBACK: I believe the IV.

10 THE COURT: Excuse me? No, no, I'm asking --

11 MR. TAYBACK: Sorry.

12 THE COURT: What does this add that the other four
13 photographs don't satisfy?

14 MS. LA MORTE: Let me look at the others, your Honor.

15 THE COURT: All right. Let me ask defense counsel,
16 your objection is only to 102?

17 MR. TAYBACK: I'm understanding I may have missed an
18 additional photograph. Mr. Artan, I believe, can address the
19 second one.

20 MR. ARTAN: It's also 102, your Honor. Forgive us.

21 MR. TAYBACK: 102 and which other one?

22 MR. ARTAN: 101 and 102.

23 MS. LA MORTE: Your Honor --

24 THE COURT: Who is -- I can't tell who is receiving
25 this transfusion, or whatever it is. Is it connected to any

1 person? It looks like it's connected -- looking at 101, who is
2 the person on the left?

3 MS. LA MORTE: At 101?

4 THE COURT: Yes.

5 MS. LA MORTE: The witness will say it's Ruben
6 Weigand.

7 THE COURT: And who is the person on the far right?

8 MS. LA MORTE: The far right? Like the guy sitting --
9 that you can't see his face? I think he'll testify that that
10 is one of the representatives from Worldline acquiring bank
11 that was not involved in this scheme.

12 THE COURT: And who is the person in the middle?

13 MS. LA MORTE: Guy Mizrachi, who was a named
14 co-conspirator.

15 THE COURT: So there's nothing -- looking at 101,
16 there's nothing here about Mr. Akhavan, who is the person
17 raising the objection, and now assuming co-counsel joins, which
18 I gather they do, there's nothing suggesting that whatever that
19 piece of equipment is designed to do, that it has any
20 relationship to Mr. Weigand. So let me see 102 again.

21 So I'm mystified that this objection should be
22 initiated with Mr. Akhavan.

23 MR. TAYBACK: I think it's because it's a small
24 meeting, and it raises some questions. My concern is exactly
25 that. Mr. Akhavan has been identified as being at this

1 meeting, and now there's this photograph of two of the
2 participants sharing an IV of some sort.

3 MS. LA MORTE: We're happy to stipulate that that's a
4 vitamin drip. Obviously, this is showing the relationship --

5 THE COURT: It is being given to who?

6 MS. LA MORTE: Well, that --

7 MR. TAYBACK: It appears to be on both people's arms
8 in the photo.

9 MS. LA MORTE: And, your Honor, one other piece of
10 pertinent information for the Court, which is also reflected in
11 another picture, is we're going to be talking about this white
12 board in the background of the picture, and that is basically a
13 preliminary schematic of the scheme. So that's just a relevant
14 piece to be aware of as well.

15 MR. TAYBACK: Your Honor, I would say the white board
16 is also in Exhibit 105 and is actually more clearly visible.

17 THE COURT: I'm having trouble hearing you.

18 MR. TAYBACK: I believe that white board is also in
19 Exhibit 105 and is, in fact, more clearly visible, in fact.

20 THE COURT: Let me see 103, 104 and 105. I have one
21 minute before I have to disappear for this telephone
22 conference.

23 MS. LA MORTE: I expect the witness will testify that
24 103 is a Ray Akhavan, a guy from Worldline. And the person
25 standing up, whose face is cut off, is Ruben Weigand; that

1 would be 103.

2 THE COURT: 104?

3 MS. LA MORTE: Same thing, but with the face there.

4 THE COURT: Yes. So there you have both defendants.

5 MS. LA MORTE: But we don't have Guy Mizrachi, your
6 Honor, and he's a named co-conspirator. And we are relying on
7 that, in connection with the admission of certain evidence, and
8 the other photographs show that he's at the meeting with this
9 thing with the white board in the back, even though he was not
10 there very long.

11 THE COURT: All right. I'll think about this. If I
12 admit it at all, 101 and 102, it will be with the --

13 MS. LA MORTE: Stipulation?

14 THE COURT: -- stipulation that the government just
15 mentioned. I'll let you know when I come back right after this
16 telephone conference.

17 (Recess)

18 THE COURT: Please be seated.

19 MS. LA MORTE: Should I bring the witness out?

20 THE COURT: I'm going to rule first.

21 So all of the exhibits will be received, but the
22 government, as it shows 101 and 102 to the witness, will simply
23 state it's stipulated that this is vitamins, or whatever you
24 want to say in that regard. I don't regard it as particularly
25 prejudicial, if at all, once that statement is made, and it's

1 clear that 101 and 102 do provide affirmation for the
2 substantive information that was provided by the other three.

3 So now, let's bring in the witness.

4 (Government's Exhibits 101, 102, 103, 104 and 105
5 received in evidence)

6 (Continued on next page)

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 (Jury present)

2 THE COURT: Exhibits 101 through 105 are received.

3 (Government Exhibits 101-105 received in evidence)

4 THE COURT: Go ahead, counsel.

5 MS. LA MORTE: Mr. Levine, can you publish Exhibits
6 101 and 102 to the jury.

7 Before we continue further, your Honor, the government
8 stipulates that the item in the center of Government Exhibits
9 101 and 102 with the liquid is a vitamin drip.

10 Q. Mr. Hargreaves, let's start with Government Exhibit 101. I
11 am just going to ask you to identify the individuals in the
12 photos.

13 Starting with the person all the way to the left on
14 Government Exhibit 101, who is that?

15 A. Ruben Weigand.

16 Q. Is that the defendant?

17 A. Yes, it is.

18 Q. Seated next to Mr. Weigand in the blue shirt, in front of
19 the white board, who is that?

20 A. Guy.

21 Q. Then the person seated with the blue jacket and blue jeans
22 all the way on the right, who is that?

23 A. I don't recall his name.

24 Q. Do you recall anything about him?

25 A. I believe he was a sales representative for an inquiring

1 bank called Worldline.

2 Q. Looking at Government Exhibit 102, just, again, the person
3 to the left of the picture is?

4 A. Ruben Weigand.

5 Q. And the person leaning over on the chair is?

6 A. Guy.

7 MS. LA MORTE: You can take those down, Mr. Levine.

8 Let's put up Government Exhibit 104 for the jury.

9 Q. Mr. Hargreaves, looking at Government Exhibit 104, you see
10 the person that's all the way to the left seated?

11 A. Yes, I do.

12 Q. Who is that?

13 A. That's Ray Akhavan.

14 Q. That the defendant?

15 A. Yes, it is.

16 Q. What about the person in the middle of the picture, who is
17 that?

18 A. I don't recall his name.

19 Q. Do you recall anything with him?

20 A. He was also a sales representative from the acquiring bank,
21 Worldline.

22 Q. What about the person standing all the way to the right,
23 who is that?

24 A. That's Ruben Weigand.

25 Q. Is that the defendant?

1 A. Yes, it is.

2 MS. LA MORTE: Let's please publish Government Exhibit
3 105.

4 Q. Mr. Hargreaves, who is the person that is seated in the
5 light blue shirt?

6 A. Guy.

7 Q. What about the person seated on the white couch with the
8 blue jacket and the white shirt?

9 A. Sales representative from Worldline.

10 Q. Then there is a person, we can only see their legs and
11 socks. Do you see that?

12 A. Yes, I do.

13 Q. Do you know who that person is?

14 A. Yes. It's Koen Van Prat.

15 Q. How do you know that?

16 A. I know it because he always wears silly socks.

17 MS. LA MORTE: Mr. Levine, can you zoom in on the
18 white board that's on Government Exhibit 105.

19 Q. Mr. Hargreaves, you see what's depicted on this white
20 board?

21 A. Yes, I do.

22 Q. What is this?

23 A. It's a flow diagram depicting the flow of -- effectively,
24 the flow of the transaction-laundering scheme.

25 Q. Was this discussed during the meeting?

1 A. Yes, it was.

2 Q. Who sketched this out?

3 A. Predominantly, Ray. I also contributed a few boxes to it.

4 Q. Who was present when this was discussed?

5 A. Myself, Ray, Ruben, Koen, and Tonya.

6 Q. Can you provide us with just an overview of the steps that
7 are depicted on this white board.

8 A. From left to right, there are two things being depicted.

9 There is the flow of a merchant identification. If you
10 consider on the left-hand side there would be a -- the true
11 merchant handing in an application that is accurate in their
12 business to the example -- to a payment service provider in the
13 United States. The name of the writer in the United States
14 would effectively take out a fraudulent application pack and
15 that would flow down through an ISO or an independent sales
16 operator into the hands of an acquiring bank in Europe.

17 What is second -- what is also depicted are the
18 various key stakeholders involved behind the scenes in the
19 process of creating that application pack and that application
20 pack flowing into the hands of an acquiring bank in Europe.

21 Q. Was this version of this scheme that's depicted on this
22 white board the version that was in fact implemented?

23 A. Not in its entirety, no.

24 Q. Just briefly, we will go into more detail later, what were
25 the main differences between this and what was implemented?

1 A. Initially, it was discussed it would be an individual -- we
2 discussed, for example, myself flying to a location, Germany,
3 wherever it may be, with the application packs on a pen drive
4 or something -- I'm sorry -- the fraudulent application packs
5 and providing them to the ISO, for him to provide them, by
6 whatever means, to the acquiring banks in question.

7 Q. You've mentioned ISO a couple of times. Can you remind us
8 what that stands for?

9 A. It's either an independent sales operator or an independent
10 sales organization.

11 Q. In the payment processing context, what's generally the
12 function of an ISO?

13 A. They are effectively a broker. They are somebody who, as a
14 salesperson, will bring a merchant -- on one hand, provide a
15 merchant with an acquiring bank and also bring business to an
16 acquiring bank in the form of merchants, e-commerce websites,
17 businesses.

18 Q. Was there any discussion in this meeting as to who would
19 serve as the ISO in this scheme?

20 A. Yes. It was a friend of Ruben's.

21 Q. Do you remember that person's name?

22 A. Andreas.

23 MS. LA MORTE: We can zoom out of that, Mr. Levine.

24 Q. Mr. Hargreaves, was there a discussion of what your role
25 was going to be through iMerchant services during this meeting?

1 A. Yes. My role was the creation of fraudulent application
2 packs.

3 MS. LA MORTE: Can we publish for the jury Government
4 Exhibit 104.

5 Q. Earlier you identified Ruben Weigand, the defendant, all
6 the way on the right of this photo, is that correct?

7 A. That is correct.

8 Q. Was there a discussion of Ruben's role in the scheme?

9 A. Yes. Ruben was our main point of contact. He was -- at
10 this point, the acquiring banks that we were submitting
11 fraudulent application packs to were not my or Koen's
12 relationships. They were relationships from both of the
13 defendants, and he was our main point of contact. He was
14 communicating with the banks. We were communicating with him.
15 And we were also submitting application packs to him for
16 application for verification.

17 Q. I didn't hear the last part of your answer. Why was your
18 role to submit fraud application packs to Ruben?

19 A. Because the banks -- he was providing us with the
20 application forms for the banks that they wanted, these
21 fraudulent application packs to be submitted to, and we were
22 then submitting them in part to him to submit. Also -- and we
23 were also submitting them ourselves and also we were receiving
24 feedback from these acquiring banks from Ruben.

25 Q. To your knowledge, did anyone employed by Eaze attend this

1 meeting?

2 A. No, they did not.

3 Q. Who did you understand was acting on behalf of Eaze at this
4 meeting?

5 A. Ray.

6 Q. At any point during the meeting did you elaborate on how
7 you were going to go about creating these fraudulent
8 application packs?

9 A. Yes, I did.

10 Q. Can you describe what you said.

11 A. Yes. It was in many ways a sales pitch. I explained to
12 them the measures we took to try and create an authentic
13 product. The quality of the websites, the lengths we went to
14 make them authentic and very much replicating a real business
15 and some of the methods that we utilized to do this.

16 MS. LA MORTE: You can take that down, Mr. Levine.

17 Q. Do you recall anything else that was discussed during this
18 meeting?

19 A. In relation to Eaze?

20 Q. Yes.

21 A. We discussed some of the methods we used to avoid
22 detection. Some of the services that we procured in order to
23 provide an authentic package, fraudulent package to the
24 acquiring banks.

25 Q. Do you remember any particular examples that were discussed

1 during this meeting?

2 A. Yes. We -- I explained how we utilized the service
3 provider who basically would have a room full of people
4 visiting the website to create the appearance of a website that
5 was visited by a vast number of people; therefore, supporting
6 the fact that these businesses were turning over large amounts
7 of money on a monthly basis. We explained how we implemented
8 customer support that we had engaged with third-party companies
9 who provided support agents who we had created scripts for,
10 FAQs. If people were to attempt to purchase goods on the
11 website we would in fact send them that goods, if required. I
12 would say those are the main things that we discussed.

13 Q. Who ran this meeting?

14 A. Ray did.

15 Q. How did it end?

16 A. It came to a natural end.

17 Q. Up until this time, in January 2018, had there been any
18 discussion of what payment you had received for your services
19 in preparing the fraudulent application packs?

20 A. It mentioned it verbally, but there was nothing concrete in
21 place, no.

22 Q. Was that typical in your business?

23 A. Not really, no.

24 Q. Why did you not engage with respect to your compensation?

25 A. There was a level of trust.

1 Q. For who?

2 A. It was based on the fact there was an existing relationship
3 between Koen and Ray.

4 Q. Did there come a time when you next met -- had a meeting
5 involving Ray and Ruben?

6 A. Yes, there was.

7 Q. When was that, roughly?

8 A. That was in February of 2018 in London.

9 Q. How did that come about?

10 A. It was organized, again, I think Koen, myself, and Tonya.

11 Q. Remind us who Tonya is.

12 A. Ray's assistant.

13 Q. Where did this meeting take place?

14 A. In London in a hotel called the Café Royal.

15 Q. Did you go alone or with anyone else?

16 A. I attended the meeting with Koen Van Prat.

17 MS. LA MORTE: Your Honor, at this time I request
18 permission to read from Government Exhibit S2 in evidence, the
19 travel stipulation.

20 THE COURT: Yes.

21 MS. LA MORTE: Mr. Levine, can you display it.

22 Mr. Levine, can you highlight the second sentence of
23 the first paragraph. It states: Akhavan also traveled from
24 Los Angeles to London on February 3, 2018, and returned from
25 London to Los Angeles on February 11, 2018.

1 Mr. Levine, you can take that down.

2 Q. Mr. Hargreaves, you mentioned that the meeting occurred at
3 a hotel in London called the Café Royal, is that right?

4 A. That's correct.

5 Q. Where in the Café Royal did the meeting take place?

6 A. In the sitting room of Mr. Akhavan's suite.

7 Q. Who was present at this meeting?

8 A. Myself, Koen Van Prat, Ray, Ruben, man called Jan Marsalek,
9 Ozan Ozerk, an employee of Mr. Marsalek. I don't recall his
10 name. And some other people, I don't recall their names.

11 Q. What was the overall purpose or purposes of this meeting?

12 A. This was a flowing -- this was a flowing situation when I
13 was there. The discussions that I was involved with were
14 surrounding -- I provided Ray with an update on the
15 applications, very brief update on the progress we were making
16 with the application packs. Predominantly, the meeting that I
17 was involved with was surrounding the -- what we call the
18 charge-back reduction scheme.

19 Q. Just very briefly, could you just describe the charge-back
20 reduction.

21 A. We had a service that we had brought to -- to Ray's
22 attention during our trip, during our meeting in Luxembourg,
23 and we were continuing to develop, which was effectively a
24 method of reducing the charge backs associated with his
25 adult-content websites.

1 The purpose of this was to allow him to process his
2 payments through banks who otherwise may not be able to support
3 or wish to have supported processing his payments from this
4 business. This was -- however, this was a complicated subject
5 to make it work commercially, maybe from a cost point of view,
6 and it was a bank that -- it was representatives of a bank that
7 could have potentially helped us.

8 Q. Now, you mentioned that Ozan was at the meeting. Remind us
9 who Ozan is.

10 A. He is the owner of a payment service provider called
11 Clearsettle.

12 Q. You also mentioned the name Jan Marsalek. Who is Jan
13 Marsalek?

14 A. He was the CEO -- COO of a bank called Wirecard.

15 Q. What is Wirecard?

16 A. It's an acquiring bank.

17 Q. Where is it headquartered?

18 A. Munich.

19 Q. Was Wirecard one of the banks that was involved in the Eaze
20 scheme?

21 A. Yes, it was.

22 Q. Who led this meeting at the Café Royal?

23 A. Ray did.

24 Q. And you mentioned that Ruben was present at the meeting as
25 well?

1 A. That is correct.

2 Q. Did Ruben speak during the meeting?

3 A. Yes, he did.

4 Q. Do you recall anything that he said?

5 A. Not especially, no.

6 Q. Do you recall generally what he said?

7 A. It was in relation to how -- it was in relation to the
8 discussion surrounding charge backs.

9 Q. Is there anything about that that stood out in your mind?

10 A. Only -- at one point he proffered an opinion, but was
11 pretty much shot down by Ray, and he was defended quite
12 staunchly by Mr. Marsalek.

13 Q. Why does that stand out in your mind?

14 A. I was impressed by it.

15 Q. What is your understanding of why Ruben was at the meeting?

16 A. My understanding was that he had an existing relationship
17 with both Ray and also with the gentleman from Wirecard.

18 Q. Did anyone from Eaze attend this meeting?

19 A. No, they did not.

20 Q. What was the atmosphere of the meeting?

21 A. Fairly relaxed.

22 Q. How did the meeting end?

23 A. When my -- with my involvement ending, myself and Koen
24 leaving that meeting.

25 Q. Did everyone leave or did just you and Koen leave and

1 others remained?

2 A. We left and others remained.

3 Q. Were there any further discussions that you had that day in
4 London regarding Eaze?

5 A. I spoke with Ruben and his friend Andreas in the bar, in
6 the hotel bar.

7 Q. When did that occur?

8 A. I don't recall the time, but it was on the same day.

9 Q. Was it a lunch meeting, dinner meeting? Do you recall
10 anything like that?

11 A. I think we just crossed paths in the bar, and then we
12 arranged to meet for dinner later in the evening in a local
13 restaurant.

14 Q. Do you remember the name of the restaurant?

15 A. I do. It was called the Gaucho Restaurant.

16 Q. Who was present there?

17 A. Myself, Ruben, and his friend Andreas.

18 Q. What was discussed?

19 A. The purpose of the dinner was really to discuss logistics,
20 as per the original plan of how these fraudulent application
21 packs were going to be provided to the independent sales
22 operator, the role of which was being -- of which Andreas, he
23 was the ISO.

24 Q. Mr. Hargreaves, do you see a drive in front of you that's
25 marked for identification as Government Exhibit 4013?

1 A. Yes, I do.

2 Q. Do you recognize this?

3 A. I do, yes.

4 Q. How do you recognize it?

5 A. Because I've initialed it.

6 Q. Have you reviewed the contents of this drive?

7 A. Yes, I have.

8 Q. When did you last review them, approximately?

9 A. In the last week.

10 Q. What is contained on here?

11 A. Telegram -- messages from my Telegram account.

12 Q. Were you a participant on each and every one of the
13 Telegram messages that are on Government Exhibit 4013?

14 A. Yes, I was.

15 Q. What is the subject matter or the communications contained
16 in these Telegram messages?

17 A. The transaction laundering scheme on behalf of Eaze.

18 Q. Are these a fair and accurate reflection of the content of
19 Telegram telecommunications that you had with others at the
20 time that you had them?

21 A. Yes.

22 Q. Does Government's Exhibit 4013 contain Government Exhibits
23 4001, 4002, and 4004 through 4012?

24 A. Yes, it does.

25 Q. How do you know that?

1 A. Because I have reviewed them.

2 MS. LA MORTE: Your Honor, the government offers
3 Government Exhibit 4013 and the government exhibits contained
4 therein.

5 MR. TAYBACK: Same objections as previously asserted.

6 MR. ARTAN: Joined.

7 THE COURT: Overruled. Received.

8 (Government Exhibits 4013, 4001, 4002, and 4004-4012
9 received in evidence)

10 MS. LA MORTE: Mr. Levine, can you publish Government
11 Exhibit 4010.

12 Q. Mr. Hargreaves, do you see that?

13 A. Yes, I do.

14 Q. What is this?

15 A. It is -- it's a discussion from my -- it's an excerpt from
16 my Telegram account.

17 Q. Who are the participants in this discussion?

18 A. Myself and Ruben Weigand.

19 Q. Your messages and calls are indicated where? Can you
20 identify them in any particular way?

21 A. The green boxes, bubbles, are mine and the white bubbles
22 are Mr. Weigand.

23 Q. You see at the very top, you see there is a date in a gray
24 bubble there?

25 A. Yes, I do.

1 Q. What is that date?

2 A. It's February 7, 2018.

3 Q. Is this within the time frame that you went to London for
4 the Café Royal meeting?

5 A. Yes, it is.

6 Q. Now, can you read your first green -- your first message in
7 green?

8 A. We've gotta table at Gaucho Grill opposite the hotel at
9 8:30.

10 Q. Is that the restaurant that we were just discussing before
11 where you had dinner with Ruben, yourself and Andreas?

12 A. Yes, it was.

13 MS. LA MORTE: Mr. Levine, you can take that down.

14 Q. We were talking about what happened at this meeting at the
15 Gaucho between yourself and Andreas and Ruben. I believe that
16 you were explaining -- first of all, let me back up.

17 Who introduced you to Andreas?

18 A. Ruben did.

19 Q. What were your observations of Andreas?

20 A. Apart from the fact that he was very tall, he was unwell.
21 He was wearing a mask like this one.

22 Q. Was there any discussion of what Andreas' role was to be in
23 the Eaze scheme?

24 A. Yes. He was going to be the person submitting the
25 application packs, fraudulent application packs to the

1 acquiring banks.

2 Q. Was anything else regarding the Eaze scheme discussed
3 during this meeting at the Gaucho Restaurant?

4 A. It was a fairly high-level discussion. It was a discussion
5 that could have been had in probably about 10 minutes. I think
6 it was just more about bonding, whatever you want to call it,
7 people working together, sort of getting to know each other a
8 bit better.

9 Q. Mr. Hargreaves, I now want to turn and talk about the
10 people that you worked with to develop the fraudulent
11 application packages that we have been discussing.

12 Did you work with a core team of people?

13 A. Yes, I did.

14 Q. Who would you consider to be your core team?

15 A. Kate Farmer and Michele Furlan.

16 Q. Where geographically was your team based?

17 A. In Malta.

18 Q. Did you make your team aware of the fraudulent nature of
19 the application packages that you were developing?

20 A. They were aware, yes.

21 Q. Who is Kate Farmer?

22 A. She was my operations manager.

23 Q. Who did she report to?

24 A. She reported to myself.

25 Q. Generally, what were her duties and responsibilities with

1 respect to the Eaze scheme?

2 A. She was responsible for -- she was very much the -- she
3 was -- make sure that all of the different swim lanes, all of
4 the different jobs that needed to be done, the areas that
5 needed to be covered off were done and managed in their
6 totality and moved together towards a timely conclusion.

7 Q. Can you give us an example.

8 A. Yes. There was a lot of moving parts, an awful lot of
9 moving parts in putting together these application packs, from
10 arranging for documents to be signed, re-signed, recompleted,
11 and making sure that the application packs, when checked, were
12 meeting the necessary requirements, making sure that websites,
13 areas that had been asked to be changed or updated were being
14 done and done in a timely fashion.

15 Q. You also mentioned Michele Furlan as a member of your core
16 team. Who is that?

17 A. He was a gentleman who we contracted to manage the whole
18 process of actually creating the application packs, so
19 purchasing the shelf companies to building the websites.

20 Q. I believe you said you independently contracted with him,
21 is that right?

22 A. Yes. As far as we were concerned, he worked for our
23 company, but the actual -- we actually contracted a company --
24 that he had a team that worked for his company, and he invoiced
25 us from his company. He was a contractor, in essence.

1 Q. What company was that that he worked for?

2 A. Spinwald.

3 Q. How did you come to work with Michele Furlan?

4 A. I met him -- I was introduced to him a number of years -- I
5 think a number of years before. He was at the time seeking
6 Asian -- he was looking for Asian-acquiring banks on behalf of
7 Mr. Akhavan. I was introduced to him on that basis because we
8 have relationships with Asian-acquiring banks. For some time
9 we engaged on this subject matter without it coming to any
10 fruition.

11 Q. Can you repeat what Michele's duties and responsibilities
12 were with respect to the Eaze scheme.

13 A. He was responsible for -- he had a team of people who, in
14 one hand, were responsible for all elements of the creation of
15 the website, so copyrighters, web designers. He was
16 responsible for creating the content and building the websites,
17 and he also had the external relationships with companies that
18 we could acquire shelf companies from.

19 Q. Now, aside from your core team, were there external people
20 to your core team that you and your team consulted with in
21 creating the application packages?

22 A. Yes. We consulted with the gentleman called Christian
23 Chmiel, who provided us with access to software that allowed us
24 to effectively scrub the quality of the websites. It was a
25 software service that was provided to acquiring banks that was

1 used by the compliance departments when assessing -- checking
2 whether they would like to provide a merchant account to the
3 merchant or not.

4 Q. Aside from Christian Chmiel, who we will talk about in more
5 detail later, was there any other external people that your
6 team consulted with?

7 A. Initially, Stanley Skoglund at an earlier date.

8 Q. Who was Stanley Skoglund?

9 A. He was an employee of Visa who had a consultancy,
10 provided consulting services to payment service providers,
11 people operating within the payment industry.

12 Q. What were the purposes of consulting with Stanley Skoglund?

13 A. He had been providing consulting choices to Clearsettle in
14 relation to Eaze.

15 MS. LA MORTE: Mr. Levine, can you put on the screen
16 for the witness what's been marked for identification as
17 Government Exhibit 4106. You could probably blow it up a
18 little. It's hard to read.

19 Q. Mr. Hargreaves, do you recognize this? Take a look.

20 A. Yes, I do.

21 Q. What is this?

22 A. Discussions, messages taken from my WhatsApp account
23 involving myself, Koen Van Prat and Stanley Skoglund.

24 Q. Is this a fair and accurate reflection of the contents of
25 your WhatsApp communications between Stanley Skoglund and Koen

1 Van Prat?

2 A. Yes, they are.

3 MS. LA MORTE: The government offers Government
4 Exhibit 4106.

5 MR. TAYBACK: Objection. Inadequate foundation.

6 MR. ARTAN: Join.

7 THE COURT: Overruled.

8 (Government Exhibit 4106 received in evidence)

9 MS. LA MORTE: Mr. Levine, can you highlight the third
10 row. If you could blow it up and highlight it and publish it
11 to the jury.

12 Q. You see the message there, Mr. Hargreaves?

13 A. Yes, I do.

14 Q. Who sent this message?

15 A. It's a mention sent from myself.

16 Q. Can you read the message aloud.

17 A. Good morning, Stanley. I hope your trip is going well. I
18 have been looking at Visa fraud rules relating to cross-border
19 and domestic transactions and how fraud is monitored. Both
20 Kate and Koen have shared some interesting thoughts on this. I
21 would like to discuss this further with you and Koen when you
22 come on line. TKS, Ollie.

23 Q. What does TKS mean?

24 A. Thanks.

25 Q. You see here where it says, I have been looking at Visa

1 fraud rules and how fraud is monitored. Do you see that
2 sentence in there?

3 A. Yes, I do.

4 Q. Why did you ask Stanley Skoglund how fraud is monitored?

5 A. Because this was -- he was a subject matter expert. He was
6 an employee of Visa and that's what his consulting firm was
7 built on.

8 Q. What was your interest on that topic?

9 A. It was in relation to the Eaze scheme.

10 MS. LA MORTE: We can take that down.

11 Mr. Levine, can you now put on the screen, just for
12 the witness, what has been marked for identification as
13 Government Exhibit 5.

14 Q. Mr. Hargreaves, do you recognize this?

15 A. Yes, I do.

16 Q. What do you recognize it to be?

17 A. It's a photo of Christian Chmiel.

18 MS. LA MORTE: The government offers Government
19 Exhibit 5.

20 MR. TAYBACK: No objection.

21 MR. ARTAN: No objection.

22 THE COURT: Received.

23 (Government Exhibit 5 received in evidence)

24 MS. LA MORTE: Please publish, Mr. Levine.

25 Q. Mr. Hargreaves, who introduced you to Christian Chmiel?

1 A. Ray did.

2 Q. Again, we will discuss his role in more detail later, but
3 for now, generally, what was your purpose in consulting with
4 him?

5 A. To provide advice on the best -- he was providing us with
6 advice in relation to the creation of the fraudulent websites.

7 MS. LA MORTE: Mr. Levine, you can take that down.

8 Q. Mr. Hargreaves, before we focus on the application packs
9 that you and your team created for the Eaze scheme, I want to
10 talk first about the primary ways that you and your team
11 communicated with the defendants and Christian Chmiel. What
12 were the primary ways that you communicated with these
13 individuals?

14 A. Via e-mail and via Telegram.

15 Q. Let's start with e-mail. What e-mail service was used to
16 communicate with these individuals?

17 A. ProtonMail.

18 Q. What is ProtonMail?

19 A. It's an e-mail provider very much like Google is or Yahoo
20 is with the fundamental differences, it's highly encrypted and,
21 therefore, considered a secure method of communication.

22 Q. Is ProtonMail a form of communication that you generally
23 use in your work?

24 A. No, it's not.

25 Q. When would you use it?

1 A. For illegal activities.

2 Q. I believe it was used in connection with the Eaze scheme,
3 is that correct?

4 A. Yes, it was.

5 Q. Who used it?

6 A. Myself and my team and also Ray, Ruben, Tonya, Medat.
7 Ray's team, basically.

8 Q. Let's turn to Telegram. I believe we have already seen the
9 example of a Telegram chat. What is Telegram?

10 A. It's a very similar to the application WhatsApp, except it
11 has different features and it's generally considered to be more
12 secure, a more secure method of communication.

13 Q. Who used Telegram in connection with the Eaze scheme?

14 A. All of us.

15 Q. Why was it used?

16 A. Because it was considered a more secure method of
17 communication.

18 Q. Mr. Hargreaves, do you see in front of you a drive that's
19 marked as Government Exhibit 3971?

20 A. Yes, I do.

21 Q. Do you recognize this?

22 A. Yes, I do.

23 Q. Thank you.

24 What is that?

25 A. It's a pen drive.

1 Q. How do you recognize it?

2 A. I initialed it.

3 Q. What is contained on Government Exhibit 3971?

4 A. My ProtonMail account.

5 Q. Does that include ProtonMail marked Government Exhibit 3902
6 through 3968 and 3970?

7 A. Yes, it does.

8 Q. How do you know that?

9 A. Because I reviewed it.

10 Q. When did you last review it, roughly?

11 A. In this last week.

12 Q. Are these true and accurate copies of your ProtonMail
13 communications?

14 A. Yes, they are.

15 Q. What is the general subject matter of the ProtonMail
16 communications?

17 A. Ease.

18 MS. LA MORTE: Your Honor, the government offers
19 Government Exhibit 3971 and the exhibits contained therein,
20 which are Government Exhibits 3902 through 3968 and 3970.

21 MR. TAYBACK: Objection. Foundation.

22 MR. ARTAN: Join.

23 THE COURT: Yes. For the reasons already discussed in
24 some degree outside the presence of the jury, as well as what
25 I've now seen as adequate foundation, the objections are

1 overruled and the exhibits are received.

2 (Government Exhibits Exhibit 3971, 3902-3968, and 3970
3 received in evidence)

4 MS. LA MORTE: Mr. Levine, can you publish Government
5 Exhibit 3968.

6 Q. Mr. Hargreaves, what is this?

7 A. It's an e-mail from my ProtonMail account.

8 Q. Mr. Hargreaves, you also have a binder with the government
9 exhibits in front of you. I am just noting that in the event
10 that's easier for you than the screen.

11 A. OK.

12 Q. Mr. Hargreaves, let's go through this. I believe you said
13 this is an e-mail from your ProtonMail, is that right?

14 A. That's correct.

15 Q. What is the date of this e-mail?

16 A. March 17, 2018.

17 Q. When is this in relation to the meetings that we discussed
18 earlier that you attended with Ray and Ruben and Calabasas at
19 Café Royal?

20 A. It comes afterwards.

21 Q. Let's go through the e-mails listed at the top here.

22 The from e-mail, it says oh@syntrek.ws, do you see
23 that?

24 A. Yes.

25 Q. Who is that?

1 A. That's my e-mail.

2 Q. You see the e-mail to taken to jawbreaker13@protonmail.com.

3 Do you see that?

4 A. Yes, I do.

5 Q. Who do you understand to use that e-mail?

6 A. Ray.

7 Q. You see underneath is bubbles13@protonmail.com.

8 Do you see that?

9 A. Yes, I do.

10 Q. Who do you understand that to use that e-mail?

11 A. Tonya.

12 Q. And then you see where it says below that,

13 gzman@protonmail.com.

14 Do you see that?

15 A. Yes, I do.

16 Q. Who do you understand to use that e-mail?

17 A. Guy.

18 Q. Then underneath that you see p2kv@protonmail.com?

19 A. Yes, I do.

20 Q. Who do you understand that to use that?

21 A. Koen.

22 Q. You sent this e-mail, is that correct?

23 A. Yes, I did.

24 Q. And you address it to jawbreaker13@protonmail.com?

25 A. Yes, I did.

1 Q. Can read just the greeting of the e-mail.

2 A. Hi, Ray.

3 Q. Let's read the first paragraph. Can you read the first
4 paragraph of the e-mail.

5 A. Hi, Ray. I trust you are well. I have reviewed with my
6 team how we can support with website creation bank accounts and
7 incorporation services for all the projects we discussed last
8 week and can confirm we can provide the following in Q2.

9 Q. Generally speaking, what is the purpose of this e-mail?

10 A. It's providing the costing for services rendered or to be
11 rendered. Sorry. To be provided.

12 Q. Sorry. I interrupted you.

13 A. Sorry. Not services rendered. Services to be provided.

14 Q. You see the section EU corporations in bold?

15 A. Yes, I do.

16 Q. What does EU corporations refer to?

17 A. Companies incorporated in Europe, shelf companies
18 incorporated in Europe.

19 Q. And then can you read what it says after EU corporations?

20 A. We can provide 80 EU companies by the second week of April
21 2018.

22 Q. How did you intend to provide those companies?

23 A. Acquire them.

24 Q. How?

25 A. Through service providers known to Michele.

1 Q. When you say Michele, are you referring to Michele Furlan?

2 A. Yes, I am.

3 Q. Let's now turn to where it says websites in bold. Can you
4 read the first sentence of that section.

5 A. Websites—at this time we can provide you with between 15 to
6 20 websites per month starting in April.

7 Q. Just remind us, what was the purpose served by the websites
8 in the Eaze scheme?

9 A. They were submitted as part of a fraudulent application
10 pack, to be submitted as part of a fraudulent application packs
11 to certain acquiring banks.

12 Q. The websites that you are referencing here, are these
13 intended to be truthful or fictitious websites?

14 A. Fictitious.

15 Q. How so?

16 A. They were not conducting the businesses that we were
17 presenting them to be conducting.

18 Q. Then can you read just the second sentence in the website
19 section.

20 A. If you would like to commission more sites on a monthly
21 basis, we could increase to 30 sites per month by May 2018.
22 Beyond that, will require additional staff which can be
23 actioned to generate 50 sites per month by the third week of
24 May.

25 Q. You see under both the EU corporation section and the

1 website section there is a fee?

2 A. Yes.

3 Q. What does that fee represent?

4 A. It represents the cost to Ray for a company every year.

5 MS. LA MORTE: Can we go, Mr. Levine, to the second
6 page of this exhibit.

7 Q. You see this line that's in the middle of the page?

8 A. Yes, I do.

9 Q. I want to focus your attention on the portion below the
10 line. Can you read aloud that first sentence there.

11 A. I have forwarded Ruben's X3 complete app packs for Eaze
12 containing three companies and six websites.

13 Q. You see the reference there to Ruben there?

14 A. Yes, I do.

15 Q. Who is that a reference to?

16 A. Mr. Weigand.

17 Q. Is that the defendant?

18 A. Yes, it is.

19 Q. Now, you say: I have forwarded Ruben X3 complete app packs
20 for Eaze containing three companies and six websites.

21 What does that refer to? Or what do you mean by that?

22 A. I'm informing the recipient of this e-mail that I've sent
23 to Ruben three -- what I would presume is three fraudulent
24 application packs with two websites attached to each company.

25 Q. Why are you forwarding these application packs to Ruben?

1 A. For him to have a look at and to check.

2 MS. LA MORTE: We can take this down. Thank you, Mr.
3 Levine.

4 Q. A moment ago, Mr. Hargreaves, you told us that the
5 jawbreaker13 Proton e-mail was used by Ray, is that correct?

6 A. That's correct.

7 MS. LA MORTE: Mr. Levine, can you put on the screen
8 just for the witness what's been marked as Government Exhibit
9 4108 for identification.

10 Q. Mr. Hargreaves, do you recognize this?

11 A. Yes, I do.

12 Q. What do you recognize it to be?

13 A. It's from my contacts in my phone.

14 MS. LA MORTE: The government offers Government
15 Exhibit 4108.

16 MR. TAYBACK: Same objection as previously asserted.

17 MR. ARTAN: Join.

18 THE COURT: Same ruling. Received.

19 (Government Exhibit 4108 received in evidence)

20 MS. LA MORTE: Please publish that to the jury.

21 Q. Mr. Hargreaves, you see on the top of this contact it says
22 Ray CE?

23 A. Yes, I do.

24 Q. What does that mean?

25 A. It's the name of the person -- it's the name of the

1 contact --

2 Q. Let's do it this way. Who is Ray?

3 A. It's the defendant.

4 Q. What is the CE a reference to?

5 A. His company.

6 Q. Then you see it says: Home -- there is like two places
7 where it says home.

8 MS. LA MORTE: Can you we highlight the second one.

9 Q. What does that say?

10 A. Jawbreaker13@protonmail.com.

11 MS. LA MORTE: We can take that down, Mr. Levine.

12 Q. Mr. Hargreaves, did there come a time when you became the
13 exclusive generator of application packs for Ray Akhavan?

14 A. Yes, I believe so, yes.

15 MS. LA MORTE: Mr. Levine, can you publish Government
16 Exhibit 3904 in evidence.

17 Q. Mr. Hargreaves, what is this?

18 A. It's an e-mail from my ProtonMail account.

19 Q. What's the date of this e-mail?

20 A. April 22, 2018.

21 Q. Can you walk us through the participants in the e-mail.
22 Who is it from?

23 A. It's from myself and it is -- the recipients are Michele
24 Furlan, MF and Syntrek and Kate Farmer.

25 Q. You see at the top it says re CE project?

1 A. Yes.

2 Q. What is that reference to?

3 A. It's in relation to the Eaze project.

4 Q. What does the CE there refer to?

5 A. Ray's company, CE.

6 Q. Let's walk through the e-mail. Can you read the first two
7 lines in this e-mail aloud.

8 A. I had a lengthy call with Ray over at CE last night, the
9 result of which is that we will be working much more closely
10 with CE and will be the sole partner generating and managing
11 all the application packs for the MMJ business.

12 Q. When you are referencing the MMJ business, what is that a
13 reference to?

14 A. Eaze.

15 Q. You see where it says key points underneath those first two
16 lines?

17 A. Yes, I do.

18 MS. LA MORTE: Mr. Levine, can you blow that section
19 up.

20 Q. Mr. Hargreaves, can you just read the first four of these
21 bullet points under the key points.

22 A. Five to ten application packs every month for an indefinite
23 period of time. Open bracket, we will present a proposal for
24 12 months, close bracket. Mix of business sectors and
25 subsectors. Mix of business models within sectors and

1 subsectors. Unique site look and feel.

2 Q. We could pause there. Looking at that top bullet point,
3 five to ten application packs every month for an indefinite
4 period of time, what does that refer to?

5 A. It refers to us creating five to ten fraudulent application
6 packs on a monthly basis for an indefinite period of time.

7 Q. For who?

8 A. For Ray.

9 Q. Then underneath it says: Mix of business sectors and
10 subsectors.

11 Do you see that?

12 A. Yes.

13 Q. Can you explain what you mean there?

14 A. I'm talking about the nature of the businesses depicted on
15 the fraudulent websites we would create.

16 Q. Why are you suggesting a mix of business sectors and
17 subsectors? What's the purpose of that?

18 A. To create diversity. Obviously, all of these fraudulent
19 application packs are meant to be standalone individual
20 companies that have nothing to do with each other. Obviously,
21 with a scale of application packs that we were looking to
22 create that we believed was a requirement to create, it's
23 pretty hard, after a while, to make things look different. So
24 there was a lot of brainstorming surrounding not just different
25 sectors, but also subsectors of those sectors.

1 Q. Now, let's just read the first part of the fifth bullet
2 point aloud, the part in the smaller font.

3 A. The descriptors have to remind the customers what they
4 purchased and also relate to the proxy site content.

5 Q. When you say here the descriptors have to remind the
6 customer what they purchased, can you remind us what the
7 descriptors are?

8 A. It's if you open up your credit card statement and you
9 check your bills at the end of the month, it would be the
10 information that explains to you where and what you've
11 purchased.

12 Q. It says the descriptors have to remind the customer what
13 they purchased and also relate to the proxy site content.

14 What do you mean by proxy site content? What is that
15 referring to?

16 A. Proxy sites, we refer to the fraudulent websites as proxy
17 sites. When I say the descriptor has to relate to the proxy
18 site content, I am referring -- the descriptor, the information
19 on the credit card statement has to relate to the products or
20 services that were being sold on the fraudulent -- presented on
21 the fraudulent website.

22 MS. LA MORTE: We can zoom out of that, Mr. Levine.
23 We can take that down.

24 Q. Let's talk about implementing this. Earlier you told us
25 that you used shelf companies for the Eaze scheme. Let's start

1 there. How did your team obtain shelf companies for the Eaze
2 scheme?

3 A. We acquired them.

4 Q. Who on your team would acquire that?

5 A. Michele.

6 Q. How would he acquire them?

7 A. He had service providers known to him.

8 Q. Were these purchased companies?

9 A. Yes, they were.

10 Q. Did those shelf companies -- let me take a step back.

11 Before, you mentioned the term unique beneficial owner.

12 Do you recall that?

13 A. Yes, I do.

14 Q. What is a unique beneficial owner?

15 A. In relation to what we are discussing, it's an individual
16 who is willing to be the sole owner of a company.

17 Q. Did the shelf companies that your team purchased come with
18 unique beneficial owners?

19 A. Yes, they did.

20 MS. LA MORTE: Let's publish for the jury Government
21 Exhibit 3902 in evidence.

22 Q. Mr. Hargreaves, what is this?

23 A. This is an e-mail from my ProtonMail account.

24 Q. What's the date?

25 A. March 27, 2018.

1 Q. What is the subject line?

2 A. FW RE 80 corporations, target countries.

3 Q. What does that refer to?

4 A. It refers to the countries we would like, preferred
5 countries where the companies that we were wishing to purchase
6 were incorporated.

7 Q. Let's start with the bottom e-mail on this page. You see
8 at the very bottom, from kf@syntrek.ws.

9 Do you see that?

10 A. Yes, I do.

11 Q. Can you remind us who kf@syntrek is?

12 A. She was my operations manager.

13 Q. Her name?

14 A. Kate Farmer.

15 Q. Can you read the e-mail aloud.

16 A. Hi, Michele. Thank you for investigating the corporations.
17 For the 80 we have been tasked to cost, are you able to confirm
18 which locations these corporations will be from. If there's a
19 split roughly, how many from each? Thank you, Kate.

20 Q. To be clear, what is your understanding of the reference to
21 corporations in this e-mail?

22 A. She is referring to shelf companies to be included within
23 fraudulent applications.

24 Q. Let me direct your attention now to the e-mail in the
25 center on 27 March 2018, MF wrote.

1 Do you see that?

2 A. Yes, I do.

3 Q. Just to remind us, who do you understand at mf@syntrek.ws
4 to be?

5 A. Kate Farmer.

6 Q. Can you read the e-mail loud.

7 A. Hi, Kate. Target countries for corps. We have no
8 limitations, and we can pick and choose as we refer between UK,
9 Netherlands, Cyprus, Gibraltar, and U.S.

10 Q. Keep going.

11 A. However, UBOs are the bottleneck, and I am waiting
12 confirmation. The amount of UBOs is not a problem. We get 80
13 easy and fast. The issue is the pricing. I have spoken with
14 the provider again yesterday, and I am pending an answer today.
15 Open bracket, he is on California time zone, so I will speak to
16 him late tonight, close bracket. Best regards, Michele.

17 Q. Just to clarify, in the second paragraph that first line,
18 however, UBOs are the bottleneck, what do you understand the
19 reference to UBOs to be?

20 A. These unique beneficial owners are the owners of these
21 companies in title only. They have nothing to do with the
22 companies. Therefore, I guess the question would be, how
23 comfortable would you be putting your name on a company that
24 you were going to have no involvement with.

25 (Continued on next page)

1 MR. ARTAN: Objection, move to strike, nonresponsive.

2 MR. TAYBACK: Join.

3 THE COURT: Sustained.

4 BY MS. LA MORTE:

5 Q. Mr. Hargreaves, directing your attention to the third line
6 of the second paragraph: "I have spoken with the provider
7 again yesterday, and I am sending an answer today;" do you see
8 that?

9 A. Yes, I do.

10 Q. What do you understand the reference to the "provider" to
11 be?

12 A. The service provider selling Michele's Company.

13 Q. Okay. Mr. Levine, we can zoom back out.

14 Mr. Hargreaves, were there documents that were
15 associated with these shell companies?

16 A. Yes, there were.

17 Q. What kind of documents?

18 A. Articles of association, incorporation papers, proof of
19 address for the unique beneficial owners, proof of address for
20 the companies, bank statements.

21 Q. And were those documents -- did you and your team assemble
22 those documents with respect to each of the shell companies
23 that you purchased?

24 A. Could you repeat the question, please?

25 Q. Yes. Did you and your team assemble those types of

1 documents with respect to the shell companies that you
2 purchased for the Eaze scheme?

3 A. Yes, we did.

4 Q. And why did you need to assemble those documents?

5 A. Because we were utilizing them. We were including them
6 within the fraudulent application packs that we were submitting
7 to the acquiring banks.

8 Q. Mr. Levine, can you publish for everyone Government
9 Exhibit 3905 in evidence.

10 Mr. Hargreaves, what is this?

11 A. It's an e-mail from my account.

12 Q. And starting at the top, what is the date of the e-mail?

13 A. April the 22nd, 2018.

14 Q. Who is the e-mail from?

15 A. Myself.

16 Q. And let's go through the "to" line. Do you see the e-mail,
17 EUprocessing@Protonmail.com?

18 A. Yes, I do.

19 Q. Who do you understand to use that address?

20 A. Reuben Weigand.

21 Q. Is that the defendant?

22 A. Yes, it is.

23 Q. And then next to EUprocessing, you see MF@Syntrek?

24 A. Yes, I do.

25 Q. And who do understand that to be?

1 A. Michele Furlan.

2 Q. And then the cc line, jawbreaker13@ProtonMail.com, can you
3 just remind us who used that e-mail?

4 A. Ray.

5 Q. And then, finally, KF@Syntrek?

6 A. Kate Farmer.

7 Q. Okay. So let's point out a few things. The subject of
8 this e-mail line at the top, do you see that?

9 A. Yes, I do.

10 Q. What does it say?

11 A. Re: Re Update.

12 Q. And what is the overall purpose of this e-mail? If you
13 need us to put on the scroll down, just let us know.

14 A. It's introducing Michele to Ruben and advising Michele that
15 Ruben has access to the Proton e-mail account that he set up,
16 where we were going to be placing applications.

17 Q. Okay. So, Mr. Levine, can we scroll down a little bit?
18 Yes, perfect. Thank you.

19 Do you see this e-mail that starts on the bottom of
20 page 1 and goes into page 2? Yes.

21 Mr. Hargreaves, can you see that on your screen?

22 A. I can, yes.

23 Q. And who is this e-mail from?

24 A. It's from myself.

25 Q. Can you read aloud the first three lines of e-mail that

1 appear on page 1?

2 A. "Update from my side the six Hot Robots sites and six
3 support sites will be complete today. Application packs will
4 contain KYB/KYC."

5 Q. And when it says there "update from my side the six Hot
6 Robots sites and six support sites will be complete today,"
7 what do you mean by "Hot Robots"? What is Hot Robots?

8 A. It was the name of a shell company we purchased.

9 Q. And then when you referenced six hot robot sites and six
10 support sites, what do you mean there?

11 A. In the early stages of the scheme, we decided that we were
12 going to have websites, fraudulent websites, and then
13 separately fraudulent support sites for those websites.

14 Q. And then it states underneath "application packs will
15 contain KYB/KYC"?

16 A. Yes.

17 Q. Can you remind us what KYB and KYC is?

18 A. KYB stands for "know your business" and KYC stands for
19 "know your customer."

20 Q. And what type of documents -- I believe you referenced
21 before, so quickly, just what kind of documents are we talking
22 about there?

23 A. In relation to the "know your business" documents, we're
24 referring to articles of incorporation -- articles of
25 association, incorporation documents, proof of address of a

1 business; in relation to "know your customer," we're talking
2 about proof of identity and proof of address.

3 Q. Okay. So now, let's go to the portion of this e-mail that
4 says at EUprocessing; do you see that?

5 A. Yes, I do.

6 Q. And, Mr. Levine, you can highlight that?

7 Can you read -- well, I'll read it. It says:

8 "@EUprocessing: Can you forward us a blank WC app ASAP, pls?"
9 Do you see that section?

10 A. Yes, I do.

11 Q. And this is being directed to who?

12 A. To -- it's an e-mail that was used by Ruben.

13 Q. And then you say: "Can you forward us a blank WC app."
14 What do you mean by "blank WC app"?

15 A. I mean, a "WC" stands for wire card and "blank" as in not
16 filled out, blank.

17 Q. Okay. And why are you asking Ruben for a blank wire card
18 app?

19 A. I don't actually recall.

20 Q. Okay. So let's go up to the e-mail above this one. Oh,
21 and before we -- oh, that's fine. Yes.

22 So the e-mail above that, do you see that e-mail on
23 Friday, April 27, 2018, at 11:19?

24 A. Yes, I do.

25 Q. Who is this e-mail from?

1 A. It's from EUprocessing.

2 Q. And what -- can you read that first line?

3 A. "Attached WC app. Each app has to come with."

4 Q. And then there's a list. Do you see that, or two lists?

5 A. Yes, I do.

6 Q. Or three lists. Just generally speaking, what do the
7 documents on this list reflect?

8 A. They reflect KYB and KYC documents.

9 Q. And the reference to WC is here, I believe you said it's
10 wire card?

11 A. Yes.

12 Q. Was that one of the acquiring banks that was used in the
13 e-scheme?

14 A. That is correct.

15 Q. Now, looking at this list that appears here that you
16 identified as KYB and KYC documents, did your team, in fact,
17 assemble these documents for the shell companies?

18 A. Yes, we did.

19 Q. And were they used in connection with applying for merchant
20 processing accounts at wire cards?

21 A. Yes, they were.

22 Q. And were those documents also used to apply for merchant
23 processing accounts at other acquiring banks?

24 A. Yes, they were.

25 Q. Okay. So we're going to start by taking a look at some of

1 the KYB and KYC docs, and then we'll focus on the account
2 applications.

3 And we can take that down.

4 THE COURT: Counsel, keep in mind, however, that we're
5 inclined to give the jury their lunch break in about five
6 minutes.

7 MS. LA MORTE: Your Honor, would you like to stop
8 here? I'm about to go through another whole document.

9 THE COURT: I had a suspicion that might be the case;
10 so, yes. All right.

11 So, ladies and gentlemen, we'll take our lunch break
12 now, and we'll reconvene in an hour and continue at that time.

13 (Jury not present)

14 THE COURT: Please be seated. The witness is excused.
15 We'll see you in an hour.

16 (Witness temporarily excused)

17 Now, how much longer will you be on direct?

18 MS. LA MORTE: I think we're going to go into tomorrow
19 for maybe an hour or so, your Honor.

20 THE COURT: Okay. And who do we have after that?

21 MS. LA MORTE: Go ahead, Emily.

22 MS. DEININGER: I think the government anticipates
23 calling after Mr. Hargreaves, Robert Hupcher, an FBI special
24 agent.

25 THE COURT: Okay. Just so I can start planning

1 things, like the charging conference and so forth, as we get a
2 little bit later into this week, I'll want to know from the
3 government when they think they'll rest, and I'll want to know
4 from the defense how long they think they will be.

5 There is, of course, some hearings that I think we may
6 need to have on some of the defense witnesses, and I want to
7 start scheduling all of that; so start looking ahead and
8 someone give me a heads up maybe by Wednesday. Okay?

9 MS. LA MORTE: Yes, your Honor.

10 THE COURT: Very good. See you in an hour.

11 (Luncheon recess)

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 AFTERNOON SESSION

2 1:45 p.m.

3 THE COURT: The jury is on their way up. Please get
4 the witness back on the stand.

5 The only sure way to get the jury is start having
6 legal argument on some issue.

7 Is there anything they want to raise that they think
8 is going to come up this afternoon? Let's start with that.

9 MS. LA MORTE: No, nothing new.

10 MR. TAYBACK: Your Honor, if the government is going
11 to move to Government Exhibit 4004, there were some
12 particularized objections included in our other objections, but
13 they are particular to that document about the deleted accounts
14 that show up. Therefore, we believe --

15 THE COURT: Maybe somebody could put that up on the
16 screen.

17 MR. TAYBACK: If you look at page 56, where it's cut
18 off, or page 83, where there is a deleted account reference, or
19 page 89 there is a deleted account reference.

20 THE COURT: Blow that up a little bit.

21 MS. LA MORTE: Are you sure, 56?

22 MR. TAYBACK: Let me check.

23 Page 56, it cuts off and then there is, on page --
24 there are numbers in the lower right-hand corner.

25 THE COURT: Never mind. Here is the jury.

1 (Jury present)

2 THE COURT: Counsel.

3 Q. Good afternoon, Mr. Hargreaves.

4 A. Good afternoon.

5 Q. When we took a break for lunch we were about to look at
6 some KYB and KYC documents associated with the shelf companies.

7 Do you recall that?

8 A. Yes, I do.

9 MS. LA MORTE: Mr. Levine, can you put up on the
10 screen for everybody Government Exhibit 3918 in evidence.

11 Q. Mr. Hargreaves, what is this?

12 A. It's an e-mail from my ProtonMail account.

13 Q. Who is the e-mail from?

14 A. It's from Kate Farmer.

15 Q. Can you list the e-mails to whom this e-mail from Kate
16 Farmer is addressed?

17 A. EUprocessing@protonmail.com, jawbreaker@protonmail.com.

18 Q. I'm sorry?

19 A. And OH Syntrek.

20 Q. OH Syntrek is you, is that right?

21 A. Correct.

22 Q. Who do you understand to be EUprocessing@protonmail.com to
23 be?

24 A. Ruben.

25 Q. Jawbreaker 13?

1 A. Ray.

2 Q. Can you read the subject of the e-mail on the top.

3 A. FW: International Standard WC app pack updated with new
4 bank account details.

5 Q. International Standard, what is International Standard?

6 A. It's a shelf company that we acquired.

7 Q. For what purpose?

8 A. For inclusion within the fraudulent application packs.

9 Q. The reference to WC app pack, do you see that on top?

10 A. Yes, I do.

11 Q. What is WC app pack?

12 A. It's an application pack for Wirecard.

13 Q. You see on the bottom of the e-mail there is a list there?

14 A. Yes, I do.

15 Q. Are these attachments to this e-mail?

16 A. Yes, they are.

17 Q. Generally speaking, what do these attachments reflect?

18 A. They are KYB and KYC documents pertaining to this
19 fraudulent application pack.

20 Q. What was the purpose of sending these documents to Ruben
21 and Ray?

22 A. For their review.

23 MS. LA MORTE: Let me direct your attention to page 28
24 of this exhibit, Mr. Levine.

25 Q. Mr. Hargreaves, is this one of the attachments to this

1 exhibit?

2 A. Yes, it is.

3 Q. What is this?

4 A. It's part of an application for -- from the acquiring bank
5 Wirecard.

6 MS. LA MORTE: Mr. Levine, can you blow up the section
7 where it says contractual partner near the top, just blow up
8 that whole section.

9 Q. You see where it says contractual partner (merchant) on the
10 upper left, Mr. Hargreaves?

11 A. Yes, I do.

12 Q. What is listed here as the contractual partner
13 name/corporate name?

14 A. International Standard Limited.

15 Q. Directing your attention to the right-hand side --
16 actually, can you zoom out of this for a second. I'm sorry.
17 Stay in. On the right-hand side, you see where it says object
18 of the company?

19 A. Yes, I do.

20 Q. What is listed as the object of this company?

21 A. Production and sale of sheet music.

22 Q. You see right above there it says company URL?

23 A. Yes.

24 Q. What is the URL that's listed here?

25 A. Goodegreenbazaar.com.

1 Q. Who developed that website?

2 A. I did. My team did.

3 Q. With respect to the production and sale of sheet music,
4 does International Standard in fact produce and sell sheet
5 music?

6 A. No, it does not.

7 Q. Did you in fact or your team have sheet music for sale?

8 A. No, we did not.

9 Q. According to this portion of the form, where is
10 International Standard based?

11 A. In Leeds, city in the north of the United Kingdom.

12 MS. LA MORTE: We can zoom out of that.

13 Mr. Levine, if you could just scroll down one more as
14 well and keep scrolling. Keep scrolling. You can go back up.

15 Q. Mr. Hargreaves, is there a reference to Eaze anywhere on
16 this Wirecard set up or contract data form?

17 A. No, there is not.

18 Q. Does this form contain any reference to Eaze.com?

19 A. No, it does not.

20 Q. Is there any reference to California on here?

21 A. No, there is not.

22 Q. Let's look at a few other things on this form.

23 MS. LA MORTE: If we go back to page 28, Mr. Levine.
24 See where it says the section manager director, authorized
25 representative, if we could blow that up.

1 A. Yes, I do.

2 MS. LA MORTE: Could you zoom out and blow up that
3 whole section, Mr. Levine. Contacts as well. Managing
4 director down to contacts. There we go.

5 Q. You see where it says manager/director/authorized
6 representative?

7 A. Yes, I do.

8 Q. What does that reflect?

9 A. That reflects the manager or the director or the person
10 authorized to represent the company.

11 Q. Who is listed here as the manager/director/authorized
12 representative at International Standard?

13 A. Anna Sinkovska.

14 Q. According to this document, in what country does she
15 reside?

16 A. France.

17 MS. LA MORTE: If we can zoom out of this, Mr. Levine,
18 and go to page 4 of the PDF.

19 Q. Mr. Hargreaves, is this one of the attachments to the
20 government exhibit that we have been looking at?

21 A. Yes, it is.

22 Q. What is this?

23 A. It's the passport of the unique beneficial owner.

24 Q. You mentioned unique beneficial owner. Could you again
25 provide us with just the definition of unique beneficial owner.

1 A. Unique beneficial owner is the owner of a company.
2 Q. Who is listed on this documentation here?
3 A. You have to go back to the other document for me to tell
4 you that.

5 Q. Do you see a name that's listed on this document?
6 A. Yes.

7 Q. What is the name?

8 THE COURT: I think he has to have it blown up.

9 MS. LA MORTE: Thank you, your Honor.

10 A. Thank you. Anna Sinkovska.

11 Q. Is that the same name that we saw on the Wirecard form that
12 we were just looking at?

13 A. Yes, it was.

14 Q. Do you know this person, Anna Sinkovska?

15 A. No, I do not.

16 Q. Have you ever communicated with this person?

17 A. No, I have not.

18 Q. To your knowledge, is she affiliated with Eaze in any way?

19 A. No, she is not.

20 MS. LA MORTE: We can zoom out of this, Mr. Levine,
21 and go back to page 28 of the PDF exhibit. Can we now blow up
22 the area under contacts.

23 Q. Mr. Hargreaves, directing your attention to the right, you
24 see where it says mk@esepa.biz?

25 A. Yes, I do.

1 Q. Do you know what that's a reference to?

2 A. In relation to this document or --

3 Q. In relation to the Eaze scheme.

4 A. I believe Esepa was a company that was used. Esepa, I
5 believe, was a Swiss company that was used by Ray to -- I
6 believe the business activity of the company was something to
7 do with payments.

8 MS. LA MORTE: We can zoom out of that.

9 Can we blow up the portion under describer.

10 Q. You see where here it says describer, text on card
11 statement?

12 A. Yes, I did.

13 Q. What is the describer that's listed here?

14 A. Goodegreenbazaar.com.

15 Q. In the context of this scheme under what circumstances
16 would goodegreenbazaar.com appear on a customer's card
17 statement?

18 A. If the customer had acquired something from the
19 goodegreenbazaar.com website.

20 Q. Was this website -- this is a website that you created, I
21 believe?

22 A. Yes, it was.

23 Q. Was it a truthful or fictitious website?

24 A. It was a fictitious website.

25 MS. LA MORTE: Let's zoom out of here. Let's go to

1 page 26 of the exhibit.

2 Q. Mr. Hargreaves, is this one of the attachments to
3 Government Exhibit 3918?

4 A. Yes, it is.

5 Q. What is this?

6 A. It's a screenshot providing proof of the main ownership to
7 the acquiring bank.

8 Q. What is the domain that's in the red on the top of this
9 page?

10 A. Goodegreenbazaar.com.

11 Q. If we look at the bottom, in the red rectangle, you see
12 where it says registry contacts, administrator contacts,
13 technical contacts, and billing contacts.

14 Do you see that?

15 A. Yes, I did.

16 Q. To your knowledge, did Anna Sinkovska register this domain?

17 A. No, she did not.

18 Q. Who did?

19 A. Michelle Furlan.

20 Q. To your knowledge, is Anna Sinkovska the administrative,
21 technical, or billing contact for this domain?

22 A. No, she was not.

23 Q. To your knowledge, who is?

24 A. My team.

25 MS. LA MORTE: Let's zoom back out of this and go back

1 to page 28 of the exhibit.

2 Let's actually now scroll down to page 29. Sorry, Mr.
3 Levine. Go up a little bit. I'm sorry. Down one. Here we
4 go.

5 Q. You see where it says risk assessment sales data?

6 A. Yes, I do.

7 Q. It states monthly credit card volume?

8 A. Yes.

9 Q. What does that mean, monthly credit card volume? What does
10 that refer to?

11 A. It's the volume of credit card transactions processed on a
12 monthly basis.

13 Q. What is the volume that's listed here?

14 A. 35M-45M EUR.

15 Q. Are these numbers accurate or are they fabricated?

16 A. They are fabricated.

17 Q. Then the same with respect to, you see two columns over it
18 says transactions number?

19 A. I see it.

20 Q. What is the number that's listed here?

21 A. 1,046,500 forward slash month.

22 Q. Is this a truthful number or fabricated number?

23 A. It's a fabricated number.

24 Q. Where did you obtain the numbers to put in here?

25 A. We decided among ourselves internally.

1 MS. LA MORTE: Let's zoom out of that.

2 Q. You see where it says shipping regions?

3 A. Yes, I do.

4 MS. LA MORTE: We could blow up that whole section.

5 Q. What does shipping regions refer to?

6 A. The areas where our services or products are being sold
7 into or shipped to.

8 Q. When it says domestic 8 percent, you see that?

9 A. I do, yes.

10 Q. In this context of this Wirecard forum, what does domestic
11 mean?

12 A. Domestic would be referring in this case to the United
13 Kingdom.

14 Q. Why would it be referring to the United Kingdom?

15 A. Because the company is incorporated in the United Kingdom.

16 Q. Then there is a Europe, 15 percent and international, 77
17 percent?

18 A. Correct.

19 Q. Are these numbers truthful or fabricated?

20 A. Fabricated.

21 MS. LA MORTE: You could zoom out of that and look at
22 page 6 of the exhibit.

23 Q. Firstly, is this one of the attachments to the government
24 exhibit that we have been looking at?

25 A. Yes, it is.

1 Q. What is this?

2 A. It's a model articles for private companies shares.

3 MS. LA MORTE: Mr. Levine, you can just scroll down a
4 few pages, scroll down.

5 Q. As Mr. Levine is scrolling, Mr. Hargreaves, how was this
6 document obtained?

7 A. It was provided by the service provider to my team.

8 Q. To your knowledge, are these the articles of association
9 for Eaze?

10 A. No, they are not.

11 Q. Mr. Hargreaves, based on your participation in the Eaze
12 scheme, what transactions were intended to be run through the
13 International Standard merchant processing account?

14 A. Transactions from the Eaze website.

15 MS. LA MORTE: We can take that down, Mr. Levine.

16 Q. Mr. Hargreaves, I think the easiest way to do this will be
17 for you to look at the binder with the 3900 exhibit list.

18 A. I have it.

19 Q. If you could take a look at the following exhibits. 3912.

20 A. I have it.

21 Q. 3915.

22 A. I see it, yes.

23 Q. 3917.

24 A. Yes, I see it.

25 Q. And 3941.

1 A. Yes, I also see it.

2 Q. Generally speaking, what are these documents?

3 A. These are all e-mails from my ProtonMail account.

4 Q. On there do each of these e-mails have attachments?

5 A. Yes, they do.

6 Q. Generally speaking, what are the attachments?

7 A. They are KYB and KYC documents relevant to their companies
8 quoted in the subject lines of each e-mail.

9 Q. We are going to quickly take a look at these.

10 MS. LA MORTE: Mr. Levine, can you publish for
11 everyone Government Exhibit 3912.

12 Q. Mr. Hargreaves, you see here the reference to Lorry LTD
13 full Settlego app pack?

14 A. Yes, I do.

15 Q. What's Lorry LTD?

16 A. It's a shelf company we acquired for inclusion within the
17 fraudulent-application packs for the transaction-laundering
18 scheme on behalf of these.

19 MS. LA MORTE: We could take that down.

20 Mr. Levine, can you now publish 3915.

21 Q. Mr. Hargreaves, you see the reference on the top here to
22 Kalixa app Hot Robots?

23 A. Yes, I do.

24 Q. What is Hot Robots?

25 A. It's another shelf company that we acquired for inclusion

1 also within the fraudulent application packs that we were
2 creating on behalf of the transaction-laundering scheme for
3 Eaze.

4 MS. LA MORTE: Mr. Levine, you can take that down.

5 Let's put up Government Exhibit 3917.

6 Q. Mr. Hargreaves, you see the reference to New Opal WC app
7 pack?

8 A. Yes, I do.

9 Q. What is New Opal?

10 A. It is also a shelf company that was acquired for the same
11 purposes as the others.

12 MS. LA MORTE: We can take that down.

13 Lastly, Mr. Levine, can you put up Government Exhibit
14 3941.

15 Q. You see on the top, what does it say there?

16 A. It says Johnson NYC KYB forward slash KYC docs.

17 Q. What is Johnson NYC?

18 A. It's also a shelf company acquired for the same purposes as
19 previously stated.

20 MS. LA MORTE: We can leave that up, actually.

21 Q. Mr. Hargreaves, with respect to the shelf companies that
22 you just named, did any of those shelf companies actually
23 conduct any type of business operations?

24 A. No, they did not.

25 Q. Did any of those shelf companies actually make any

1 products?

2 A. No, they did not.

3 Q. Did any of those self companies actually offer services to
4 the public?

5 A. No, they did not.

6 Q. Did any of those shelf companies actually self-generate
7 income?

8 A. No, they did not.

9 Q. Did any of the shelf companies ever hire any employee?

10 A. No, they did not.

11 Q. Did any of these shelf companies have any affiliation with
12 Eaze?

13 A. No, they did not.

14 Q. According to the exhibits that we just looked at, where
15 were each of these shelf companies incorporated?

16 A. In the United Kingdom.

17 Q. According to these documents, where does the unique
18 beneficial owner for each of the shelf companies reside, in
19 what country?

20 A. In France.

21 Q. Mr. Hargreaves, who was primarily responsible for filling
22 out the merchant processing account applications for these
23 shelf companies?

24 MS. LA MORTE: Mr. Levine, you can take this down.

25 A. Various members of my team.

1 Q. We are going to spend some time looking at the application
2 packages. But before we do that, I want to take a few moments
3 and focus on how you communicated with Ruben, the defendant.
4 What are the main ways that you and your team communicated with
5 Ruben?

6 A. We -- by e-mail and by Telegram, chat, and telephone.

7 Q. When you and your team wanted to communicate with Ruben
8 over e-mail, what e-mail address would you send the e-mail to?

9 A. EUprocessing.

10 Q. Why is that?

11 A. Because it was his e-mail.

12 Q. Now, were the application forms that you and your team
13 filled out generally sent out to Ruben at that e-mail address?

14 A. We certainly sent them to that e-mail address. We were
15 also sending them directly, in part, to banks that we --
16 acquiring banks that we were advised to.

17 Q. Sure. But to the extent that Ruben was reviewing any of
18 your application packs, would you send them to him at that
19 address, typically?

20 A. Yes, we would.

21 MS. LA MORTE: Mr. Levine, can you put on the screen
22 for everybody Government Exhibit 4008 in evidence.

23 Q. Let me direct your attention to the -- first of all, what
24 is this?

25 A. It's a group chat taken from my Telegram account.

1 Q. Who are the participants in this chat?

2 A. Myself, Kate Farmer, and Ruben Weigand.

3 Q. Directing your attention to the very top of this Telegram
4 chat, what is the date here?

5 A. May 1, 2018.

6 Q. That gray bubble underneath the date, can you read that?

7 A. OH created the group Kate-N-Ruben, exclamation mark.

8 Q. Is that you, are you OH?

9 A. Yes, I am.

10 Q. If you look at the very bottom you see the green bubble?

11 A. Yes, I do.

12 Q. Are your chats reflected in the green bubbles? Is that
13 you?

14 A. Yes, it is me.

15 Q. What are you saying here?

16 A. Hi, Kate, meet Ruben.

17 MS. LA MORTE: Then we can scroll down to the next
18 page.

19 Q. Does Ruben respond?

20 A. He does, yes.

21 Q. What does he say?

22 A. Hey, pleasure meeting you.

23 Q. Can you read your chart immediately below that.

24 A. The purpose of the group is streamline communication.

25 Between us. Ruben is aware of your role as project manager.

1 MS. LA MORTE: Let's go to page 5 of this Telegram
2 chat.

3 Q. You see where it says, Mr. Hargreaves, May 10, 2018, sort
4 of towards the top?

5 A. I believe so, yes.

6 Q. You see the little icon with the ghost in this chat?

7 A. Yes, I do.

8 Q. What does that reflect?

9 A. It reflects an account that no longer exists.

10 Q. How do you know that?

11 A. Because I'm familiar with the application.

12 Q. We are going to read aloud this chat. Can you start
13 reading from where it says deleted account under May 10, 2018.

14 A. Hi, Ruben, please, can you confirm which banking details we
15 use for the e-com apps. Mister Tango or Swiss, question mark.

16 Q. Before we go further, Mr. Hargreaves, do you know who this
17 deleted account is?

18 A. Yes, I do.

19 Q. Who is it?

20 A. Kate Farmer.

21 Q. How do you know that?

22 A. The context of the conversation.

23 Q. In this first chat, who is Kate asking to confirm banking
24 details?

25 A. Ruben.

1 Q. What does she say after her first chat? What's the second
2 chat?

3 A. We assume Mister Tango for all, but would like your
4 confirmation. Thank you.

5 Q. Does Ruben provide confirmation in response to this chat?

6 A. Yes, he does.

7 Q. What does he say?

8 A. All Mr. tango.

9 Q. What does Kate say?

10 A. Thanks for confirming.

11 Q. What does Ruben say after that?

12 A. Please don't send to Gotthardus, but to EUprocessing.

13 Q. When Ruben Weigand tells Kate to send to EUprocessing, what
14 is your understanding of the reference to EUprocessing?

15 A. It's in reference to his e-mail address.

16 Q. After that chat Ruben says, as soon as we have them we'll
17 submit.

18 What do you understand that to mean?

19 A. It means as soon as they have the application packs, they
20 will submit them to the relevant inquiring banks.

21 Q. Can you read Kate's last chat on the bottom.

22 A. Yes. I've sent all WC apps to you now for both Swiss
23 versions and Mister Tango versions. They should all be in your
24 inbox.

25 Q. When Kate says WC apps, what do you understand that to be a

1 reference to?

2 A. Application forms for Wirecard.

3 Q. When Kate says they should all be in your inbox, what do
4 you understand that to mean?

5 A. That she sent them to his inbox.

6 Q. Which is what?

7 A. EUprocessing.

8 Q. What is the date of the chats that we just read?

9 A. May 10, 2018.

10 MS. LA MORTE: Mr. Levine, let's take that down and
11 display Government Exhibits 3918 and 3919.

12 Q. Mr. Hargreaves, what is the date of Government Exhibit 3918
13 and 3919?

14 A. 3918 is May 10, Thursday May 10, 2018, and 3919 is
15 Thursday, May 10, 2018 also.

16 Q. Is this the same day as the chats that we just looked at in
17 Government Exhibit 4008?

18 A. Yes.

19 Q. With respect to Exhibit 3918, who is the e-mail that Kate
20 addresses this to?

21 A. EUprocessing@protonmail.com and
22 jawbreaker13@protonmail.com.

23 Q. With respect to the Government Exhibit 3919, what is the
24 e-mail address that Kate directs the e-mail to?

25 A. EUprocessing@protonmail.com.

1 Q. Going back to 3918, looking at the body of the e-mail, what
2 is stated here?

3 A. WC application pack with Mistertango, two of three,
4 including IBAN, PDF received.

5 Q. What do you understand Kate to be sending EUprocessing and
6 Jawbreaker?

7 A. The Wirecard application pack, including the bank -- the
8 bank settlement account details from the settlement bank,
9 Mistertango.

10 Q. Now, looking at 3919, you see we just pointed out that the
11 e-mail address to which Kate sends this information is
12 EUprocessing@protonmail.com.

13 Do you see that?

14 A. Yes, I do.

15 Q. What is the greeting in the e-mail?

16 A. Sorry. What is the what of the e-mail?

17 Q. Greeting.

18 A. Hi, Ruben.

19 Q. Could you read the first line.

20 A. We already received these from Patrick earlier this
21 afternoon and completed all the WC application forms with these
22 details.

23 MS. LA MORTE: We could take these down. Thank you.

24 Mr. Levine, can you put up on the screen Government
25 Exhibit 4004 in evidence.

1 Q. Mr. Hargreaves, what is the title of this -- what is this,
2 first of all?

3 A. It's the group info page from Telegram for a Telegram group
4 chat.

5 Q. What is the title of the group chat?

6 A. Olliebaba.

7 MS. LA MORTE: Let's go to page 2. Let's look at the
8 two gray bubbles on the very top.

9 Q. You see the gray bubbles on the top, Mr. Hargreaves?

10 A. Yes, I do.

11 Q. What is the date that's reflected here?

12 A. April 23, 2018.

13 Q. What does the gray bubble underneath say?

14 A. Ray CE created the group Olliebaba.

15 Q. Who do you understand created this Telegram chat thread?

16 A. Ray.

17 Q. Looking at the monikers or icons on the left-hand side of
18 the chat, do you see that?

19 A. Yes, I do.

20 Q. You see where it says RC in a green circle?

21 A. Yes, I do.

22 Q. Who do you understand that to refer to?

23 A. Ray.

24 Q. Then are your chats reflected in here?

25 A. In the green bubbles.

1 MS. LA MORTE: Can we scroll down a little bit. You
2 can stop right there.

3 Q. You see the chat on page 2 where it says have you been able
4 to obtain better quality scans? Do you see that?

5 A. Yes, I do.

6 Q. You see the little moniker to the left?

7 A. Yes, I do.

8 Q. Who does that represent?

9 A. Ruben Weigand.

10 Q. In fact, is Ruben Weigand's name indicated on this chat, on
11 any of these chats?

12 A. Yes, it is.

13 Q. Let's go to page 45, Mr. Levine, of this PDF.

14 What is the date that's indicated in the gray bubble
15 on the top?

16 A. May 10, 2018.

17 Q. Now, you see where Ray's comments begin, understood, sort
18 of partway down the page?

19 A. Yes, I did.

20 Q. Can you read the chat that's immediately under that.

21 A. But the Hot Robots WC app that OU sent me is ready to go
22 and ready to be submitted, right, question mark.

23 Q. What do you understand the Hot Robots WC app to refer to?

24 MR. TAYBACK: Object, your Honor to the incompleteness
25 of that particular text. It relates to the prior objection I

1 made.

2 MR. ARTAN: Join.

3 MS. LA MORTE: Your Honor, there is an objection.

4 THE COURT: The prior objection is noted, but I think
5 this is substantive in itself. Overruled.

6 Q. Mr. Hargreaves, we just were looking at a chat from Ray
7 that you just read. I asked you your understanding of the
8 reference to the Hot Robots WC app. What is that a reference
9 to? What do you understand that to be a reference to?

10 A. The acquiring bank Wirecard and application pack to be
11 submitted to and on behalf of the shelf company -- sorry -- a
12 fraudulent application pack to be submitted on behalf of the
13 shelf company, hot robots.

14 Q. Can you read Ray's chat immediately underneath the one you
15 just read.

16 A. Ruben equals let's do a last and very serious check. Let's
17 get Christian going ASAP. I'll send it to Jan so he can see it
18 ahead of time, but we need to make sure it's all right.

19 Q. The reference to Ruben here, who do you understand that to
20 be?

21 A. Ruben Weigand.

22 Q. It states: Let's do a last and very serious check. Let's
23 get Christian going ASAP.

24 What do you understand the reference to Christian to
25 be?

1 A. It's in reference to Christian Chmiel.

2 Q. Then you see it says: I'll send to Jan?

3 A. It's in reference to Jan Marsalek.

4 Q. Can you remind us who Jan Marsalek is?

5 A. He was the CEO -- COO of the acquiring bank, Wirecard.

6 MS. LA MORTE: Let's go to page 46, Mr. Levine.

7 Q. Mr. Hargreaves, can you read your green chat all the way at
8 the bottom.

9 A. We send to you all the application packs to a secure e-mail
10 address.

11 Q. Who is that chat addressed to?

12 A. Ruben.

13 Q. Let's go to the top of page 47. You say what next?

14 A. Gotthardus@protonmail.CH.

15 Q. What do you say next?

16 A. You have log-ins for this e-mail drop.

17 Q. Read your next two chats, please.

18 A. It is a proton we set up to drop the apps in for Ruben's
19 team to access. If you prefer, we can just send them to you
20 directly, question mark.

21 Q. When you say, if you refer, we can just send them to you
22 directly, who are you directing that to?

23 A. Ruben.

24 Q. What is Ruben's response?

25 A. It's not my Proton. I thought that's a one time, and

1 future apps to go to EU, as all the communication is there
2 anyway.

3 Q. When Ruben references future apps go to EU, what is your
4 understanding of his reference to EU?

5 A. To the e-mail account EUprocessing.

6 Q. He says, all the communication is there anyway?

7 A. That is correct.

8 MS. LA MORTE: Let's go to the top of page 48.

9 Q. What is Ruben's first full comment on that page?

10 A. Please, to EU.

11 Q. What do you say in response?

12 A. Ruben, I'm going to advise my team to start sending all app
13 packs to EU, and we will cease and desist with the e-mail drop.
14 OK, question mark.

15 MS. LA MORTE: Mr. Levine, let's go to page 65 of this
16 Government Exhibit 4004.

17 Q. You see Ray's comment: So that's three of our subs. You
18 see where that starts toward the bottom of the page?

19 A. Yes, I do.

20 Q. Can you read that comment aloud.

21 A. So that's three of -- three submerchants I've talked to so
22 far, and they all have clean payout info and can take euros,
23 too.

24 Q. What is Ruben's response to this?

25 A. Can you shoot this to EUP, underscore, question mark.

1 Q. When Ruben says, EUP, what do you understand him to be
2 referring to?

3 A. The e-mail account EUprocessing.

4 MS. LA MORTE: Let's go to page 90 of Government
5 Exhibit 4004.

6 Mr. Levine, I'm sorry. Can you go out of that because
7 I want to sort of straddle 90 and 91.

8 Q. See on page 91 -- he can scroll down a little bit more.
9 What is the date that's indicated in the gray bubble?

10 A. June 19, 2018.

11 Q. Do you see Ray's comment, who is EUP? Do you see that?
12 Towards the top.

13 A. Yes, I do.

14 Q. What is your response?

15 A. EU equals Ruben. Yes, they were sent last night.

16 Q. When you say EU equals Ruben, what do you mean there?

17 A. I'm referring to the e-mail account EUprocessing.

18 Q. Now, you see there is a reference here to deleted account.
19 Do you see that? The second comment bubble from the top.

20 A. Yes, I do.

21 Q. If you need to take a look at the page before or after,
22 that's fine, but who do you understand deleted account to be?

23 A. Can I see the page before, please? Thank you. Could you
24 repeat the question.

25 Q. Who do you understand the deleted account to be?

1 A. Ray's.

2 Q. Mr. Hargreaves, let's go to page 90. Let me direct your
3 attention to that second ghost icon. You see where it appears
4 on the second time on this page. That's the first time. You
5 see where that appears?

6 A. Yes, I do.

7 Q. Can you read that aloud.

8 A. Confirming all forms for Linebeck, Organikals, Kalixa, ECP
9 and WC have been sent to EUP. They require wet signature.
10 We've also sent through our delivery report, which includes our
11 review on Webshield. Have good evening, all.

12 Q. What is Ray's response to this comment?

13 A. Thank you very much, Kate.

14 Q. Does that refresh your recollection as to who the deleted
15 account is?

16 A. Yes, it does.

17 Q. Who is the deleted account?

18 A. It belongs to Kate Farmer.

19 Q. Remind us who Kate Farmer is.

20 A. My operations manager.

21 MS. LA MORTE: Mr. Levine, can you put up 3919, which
22 is something that we have looked at before.

23 Q. Let's start with this bottom e-mail. Do you see the e-mail
24 on the bottom on May 10, 2018, at 6:05 p.m.?

25 A. Yes, I do.

1 Q. Which e-mail is this from?

2 A. EUprocessing@protonmail.com.

3 Q. Read the e-mail aloud, please.

4 A. Hey, KF, please go ahead with the attached. Best, EUP.

5 Q. Does Kate respond to this e-mail? Directing your attention
6 to the top.

7 A. Yes, she does.

8 Q. What does she say?

9 A. Hi, Ruben. We have already received these from Patrick
10 earlier this afternoon and completed all the WC application
11 forms with these details.

12 Q. You can stop there.

13 And which e-mail address does Kate address this e-mail
14 to Ruben?

15 A. EUprocessing@protonmail.com.

16 MS. LA MORTE: Mr. Levine, can you take that down and
17 now display Government Exhibit 3923 in evidence.

18 Q. Mr. Hargreaves, what is this?

19 A. It's an e-mail from my ProtonMail account or e-mails from
20 my ProtonMail account.

21 Q. What is the date of this e-mail?

22 A. Top e-mail is dated May 21, 2018.

23 Q. Take a look at a minute at this e-mail. I am going to ask
24 you just the overall purpose of the e-mail. If you need Mr.
25 Levine to scroll down, just ask.

1 A. I think I'm clear.

2 Q. I'm sorry --

3 A. I think I'm clear.

4 Q. What is the overall purpose of this e-mail?

5 A. It's communication between Kate and EUP asking if there has
6 been any further feedback on application forms that were
7 presumably submitted to ECP, which is an abbreviation for
8 E-commprocessing, which is an acquiring bank in Europe.

9 Q. Is that another acquiring bank that you arranged to submit
10 fraudulent applications to?

11 A. Yes, it is.

12 MS. LA MORTE: Let's start the e-mail May 15, 2018 at
13 10:59 a.m.

14 Mr. Levine, this e-mail spans two pages. There we go.

15 Q. Who do you understand the author of this e-mail to be?

16 A. Kate Farmer.

17 Q. Can you just read the portion that's on the top of the
18 screen, the portion of the e-mail on the top of the screen.

19 A. Hi, EUP, re ECP applications, Hot Robots, Lorry, New Opal,
20 INTL STD.

21 Q. Is INTL standard an abbreviation for something?

22 A. For International Standard.

23 Q. Just remind us, what are Hot Robots, Lorry, New Opal, and
24 International Standard?

25 A. They are shelf companies that we acquired for inclusion

1 within the fraudulent application packages.

2 Q. I believe you said Kate addressed this e-mail to EUP?

3 A. That's correct.

4 Q. Let's read the last paragraph of this e-mail.

5 A. Given the explanation above, please confirm current volumes
6 stated on the ECP applications are acceptable. Kind regards.

7 KF.

8 Q. What do you understand Kate to be saying when she says
9 please confirm the current volumes on the ECP applications are
10 acceptable?

11 A. She is referring to the sections on the application forms
12 that request information on the dollar volumes that are
13 processed on a monthly basis on an application on behalf of a
14 merchant. So the income that is generated by that merchant on
15 a monthly basis.

16 Q. Let's scroll up then, up one e-mail. Do you see where the
17 e-mail says, May 15, 2018 at 3:39 p.m.?

18 A. Yes, I do.

19 Q. From EUprocessing@protonmail.com?

20 A. Yes, I do.

21 MS. LA MORTE: Mr. Levine, can you blow up this
22 e-mail.

23 Q. Can you read this e-mail aloud.

24 A. Hey, KF. The volumes are not acceptable as both banks
25 complain about it. They are fine with volumes between 175 and

1 250K a month. You can hold back for a moment as there might be
2 more changes. All my best, Ruben.

3 MS. LA MORTE: Mr. Levine, can you zoom out of that
4 and then go up.

5 Q. You see, Mr. Hargreaves, there are two more e-mails above
6 the one that we just read.

7 A. Yes, I see them.

8 Q. Who were these two e-mails from on the top?

9 A. They are from Kate Farmer.

10 Q. Who does she address those e-mails to in the greeting?

11 A. Do you mean in the body of the e-mail?

12 Q. Yes. I'm sorry the body of the e-mail.

13 A. To EUP.

14 Q. Is this typically how Kate addressed e-mails to Ruben,
15 using EUP?

16 A. Not initially, but in the latter stages, yes.

17 Q. Why is that the case?

18 A. Because she was asked to.

19 Q. Who asked her to?

20 A. Ruben and myself.

21 MR. ARTAN: Your Honor, move to strike as to what
22 Ruben told Kate. Lack of foundation.

23 THE COURT: How do you know that Ruben asked her as
24 opposed to yourself?

25 THE WITNESS: To the best of my recollection, I

1 believe it was requested in a Telegram chat.

2 THE COURT: From Ruben?

3 THE WITNESS: I believe so, yes.

4 THE COURT: Overruled.

5 MS. LA MORTE: Mr. Levine, we can zoom out of that.

6 We can take that down.

7 Q. Mr. Hargreaves, I now want to focus more on the fraudulent
8 application packs that your team prepared. What acquiring
9 banks did your team prepare fraudulent application packs for?

10 A. Sorry. Could you repeat the question?

11 Q. Sure. Which acquiring banks did your team prepare
12 fraudulent applications for?

13 A. Kalixa, Wirecard, E-commprocessing.

14 Q. Did you select those acquiring banks?

15 A. No, I did not.

16 Q. Who directed you to prepare application packages for those
17 particular acquiring banks?

18 A. Ruben.

19 Q. To your knowledge, were these fraudulent application
20 packages actually submitted to the acquiring banks?

21 A. To my knowledge, yes.

22 Q. How do you know that?

23 A. Because we submitted some of them directly.

24 Q. Now, before the application packs were submitted to the
25 acquiring banks, were they reviewed by anyone outside of your

1 core team?

2 A. Yes, they were.

3 MS. LA MORTE: Mr. Levine, can we publish Government
4 Exhibit 4004. Let's go to page 2.

5 Q. Can you read your two comment bubbles towards the bottom of
6 the page, Mr. Hargreaves.

7 A. Thanks. We will acquire all new URLs today. All existing
8 site updates have been completed and we aim to complete five
9 support sites by the weekend and 11 by the following weekend.

10 Hot Robot application pack is ready minus bank
11 reference letter and IBAN details. Settlego informed us we
12 will have them Monday morning.

13 (Continued on next page)

14

15

16

17

18

19

20

21

22

23

24

25

1 Q. And what is -- who responds to your chat?

2 A. Ruben Weigand.

3 Q. And what does he say?

4 A. "Let's submit Monday morning in that case. If you want,
5 send through for review."

6 Q. Okay.

7 MR. TAYBACK: Objection, to the extent that the
8 document itself is cutoff.

9 MR. ARTAN: Join.

10 THE COURT: Yes. Overruled.

11 BY MS. LA MORTE:

12 Q. Okay. We can take that down, Mr. Levine.

13 Let's look at some of the fraudulent application forms
14 that your team prepared and submitted to the acquiring banks.
15 Let's start with Wirecard. Can you remind us where Wirecard is
16 headquartered?

17 A. In Munich, Germany.

18 Q. Mr. Levine, can you publish Government Exhibit 3925 in
19 evidence.

20 What -- Mr. Hargreaves, what is this?

21 A. It's an e-mail from my personal e-mail account.

22 Q. Mr. Hargreaves, who is it from?

23 A. Kate Farmer.

24 Q. And who is it to?

25 A. EUprocessing.

1 Q. And who do you understand that to be?

2 A. Ruben.

3 Q. And can you just read the greeting in the first line?

4 A. "Hi EUP."

5 Q. Next line also?

6 A. "Please find completed forms for WC."

7 Q. And then you see that there is a list under here. The list
8 says side letter, agreement; do you see that list?

9 A. Yes, I do.

10 Q. And what do you understand, generally, this list to be?

11 A. Components of the fraudulent application packs submitted on
12 behalf of the company Hot Robots.

13 Q. And then take a look at the attachments that are indicated
14 on the bottom of the page; do you see them?

15 A. Yes, I do.

16 Q. How, if at all, do these attachments correlate with the
17 list that we were just looking at?

18 A. They are the documents listed in the body of the e-mail.

19 Q. Okay. Mr. Levine, let's go to page 2, and we can just keep
20 it there for now. Actually, let's blow up the top half.

21 Do you see where it says "client details,"

22 Mr. Hargreaves?

23 A. Yes, I do.

24 Q. What is the client name here?

25 A. Hot Robots LTD.

1 Q. And then do you see where it says, the right-hand side,
2 under "client details" towards the bottom, "Short description
3 about the business model;" do you see that?

4 A. Yes, I do.

5 Q. Can you read that description?

6 A. "Research, copyrighting, data entry, proofrea."

7 Q. What do you understand the "proofrea" to be a reference to?

8 A. Proofreading.

9 Q. Is Hot Robots actually engaged in that particular business
10 that you just read aloud?

11 A. No, it's not.

12 Q. Do you see where it says "company website" on the top
13 right?

14 A. Yes, I do.

15 Q. Can you read aloud the websites here that are listed here?

16 A. Osteofiles.com, mentaldossier.com, optoclear.net,
17 chirodocs.cc, shrinksmart.cc, psypapers.com.

18 Q. Did your team design some or all of these websites?

19 A. They designed all of the websites.

20 Q. Okay. We can zoom out of this.

21 And what is on the top, Mr. Hargreaves? What's the
22 title of this document?

23 A. Anti-fraud Merchant Checklist.

24 Q. Okay. Let's go to page 4. Scroll down, Mr. Levine, to
25 page -- keep scrolling. Great.

1 Mr. Hargreaves, we're now on page 4 of the exhibit.

2 Is this application signed?

3 A. Yes, it is.

4 Q. Now, let's take a look at some of the other representations
5 on these Wirecard forms.

6 Let's go to page 14 of this exhibit.

7 Directing your attention to the upper right-hand side,
8 Mr. Hargreaves, what does it state there on the very upper
9 right?

10 A. Contract.

11 Q. What is stated below that?

12 A. "On the acceptance of cards in card-not-present
13 transactions."

14 Q. What are the card-not-present transactions?

15 A. A transaction that is made by a cardholder not at a
16 brick-and-mortar shop; so, therefore, no -- particularly on a
17 website.

18 Q. Okay. So let's look at -- do you see where it says in the
19 middle, "director/board member/authorized representative"?

20 A. Yes, I do.

21 Q. Who is listed there?

22 A. Joachim Cohen.

23 Q. Do you know who Joachim Cohen is?

24 A. No, I do not.

25 Q. Have you ever communicated with this person?

1 A. No, I have not.

2 Q. According to this form, what country does this person
3 reside in?

4 A. France.

5 Q. To your knowledge, does this person have any affiliation
6 with Eaze?

7 A. Not to my knowledge, no.

8 Q. Do you see the e-mail that's listed on the right-hand side?
9 Do you see where it says "e-mail"?

10 A. Yes, I do.

11 Q. What is the e-mail that's listed there?

12 A. Mk@esepa.biz.

13 Q. I'm sorry, not that e-mail. If you go up a little under
14 Director/Board Member/Authorized Representative section?

15 A. Info@osteofiles.com.

16 Q. Who created this e-mail address?

17 A. My team.

18 Q. Who manned it?

19 A. My team.

20 Q. And to your knowledge, was this e-mail here provided to
21 Joachim Cohen?

22 A. No, it was not.

23 Q. Okay. Let's zoom out of this. And now, let's go to page
24 25 of this Exhibit 3925.

25 Now, directing your attention, just for now, to the

1 very upper right-hand side, very upper right part of this
2 exhibit. Do you see where it says -- can you read that?

3 A. Special terms and conditions.

4 Q. And keep reading?

5 A. "For the acceptance of cards in card-not-present
6 transactions."

7 Q. Okay. So let's scroll down a little bit. And do you see
8 where on the bottom right-hand side of the page where it says
9 section 6?

10 A. I see that, yes.

11 Q. Can you read the title, just the title of section 6?

12 A. "Acceptance of payment cards by the merchant,
13 preconditions."

14 Q. Okay. You can zoom out of that. And then scrolling down
15 to subsection 4, can you blow that up? Thank you.

16 What does it say at the top here?

17 A. Prohibited Card Transactions.

18 Q. And can you read subsection 4(a)?

19 A. "The claim to be paid" --

20 Q. Sorry. Let me pause you. Start with what's next to the
21 No. 4 and then read the (a).

22 A. "The merchant shall not allow card transactions if, (a) the
23 claim to be paid does not originate from the merchant's course
24 of business, but from the business operations of any third
25 parties or related to goods or services which the merchant does

1 or did not render for its own account."

2 Q. Mr. Hargreaves, is this provision implicated in connection
3 with this Hot Robots' Wirecard application?

4 MR. TAYBACK: Objection, lack of foundation.

5 MR. ARTAN: Join.

6 THE COURT: I'm sorry, repeat the question.

7 MS. LA MORTE: I said, is this provision of this
8 application implicated in the Hot Robots Wirecard application,
9 which is what this document is.

10 THE COURT: Sustained.

11 BY MS. LA MORTE:

12 Q. Mr. Hargreaves, who was the merchant that's listed in this
13 Wirecard application?

14 A. Could we scroll back to the top, please? Hot Robots
15 Limited.

16 Q. Now, could you go back to page 26.

17 So I believe you just said the merchant that's listed
18 on the Wirecard application is Hot Robots; is that correct?

19 A. Yes, I did.

20 Q. Now, based on your participation in the scheme, what
21 transactions were intended to be run through this Hot Robots
22 merchant processing account?

23 A. Transactions made on the Eaze website.

24 Q. Would transactions originated on the Eaze website originate
25 from the Hot Robots' course of business?

1 A. No, they would not.

2 Q. So, Mr. Hargreaves, taking a look at all of these Wirecard
3 documents, is there any mention of Eaze in any of these
4 documents? And if you need to scroll through, that's fine, or
5 you can use the binder.

6 A. No, they were not.

7 Q. Is the fact that Eaze transactions were intended to be run
8 through the Hot Robots' merchant processing account disclosed
9 anywhere on these forms?

10 A. No, they were not.

11 Q. Okay. We can take that down, Mr. Levine. And now can we
12 put back up Government Exhibit 4004.

13 Mr. Hargreaves, is this the Olliebaba chat that we
14 were looking at before?

15 A. Yes, it is.

16 Q. Okay. Mr. Levine, can you go to page 50 of this exhibit.

17 Do you see, Mr. Hargreaves, sort of a little beyond
18 halfway down there's a comment from Ray that begins "so
19 darling;" do you see that?

20 A. Yes, I do.

21 Q. Can you read that -- we're going to read these comments to
22 the bottom of the page. Can you read that comment?

23 A. "So darling, tell me what's gonna be submitted when I wake
24 up?"

25 Q. And who responds?

1 A. Ruben.

2 Q. What does he say?

3 A. "I'll check now what we got."

4 Q. And what does Ray say in response?

5 A. "Def Hot Robots at WC, right?"

6 Q. And what does Ruben say in response?

7 A. "WC is not working today, but we can hand it in."

8 Q. Keep going.

9 A. Ray responds, "But what else can we get done? It's fine."

10 Let's hand it in. "Let's hand in." Sorry.

11 Q. So do you see the -- scroll up a little, Mr. Levine.

12 Do you see where Ray says "def Hot Robots at WC,
13 right?"

14 A. Yes, I do.

15 Q. What does that -- what do you understand that to be a
16 reference to?

17 A. He's saying definitely hand in the Hot Robots' application
18 into Wirecard, right?

19 Q. And going back to Government Exhibit 3925, was that a Hot
20 Robots' Wirecard application package?

21 A. Yes, it was.

22 Q. Now, let's go to page 51. And let's start with Ray's
23 comment in the middle of the page, where it begins "Okay, now."
24 Can you read that?

25 A. "Ok. Now what about the other three corps and packs?

1 Where are we with that? Why can't we also submit them to WC
2 and Kalixa?"

3 Q. Keep going.

4 A. "Ruben???"

5 Q. Does Ruben respond?

6 A. "Yep?"

7 Q. What else does he say?

8 A. "We'll submit all we have of course."

9 Q. And what does Ray say?

10 A. "Okay, thank you. Christian."

11 Q. Sorry, keep going.

12 A. "Christian, please put time aside to look at them really
13 good so we don't make stupid mistakes and so we know they're
14 right before they're submitted."

15 Q. Mr. Hargreaves, what do you understand Ray and Ruben to be
16 discussing here?

17 MR. ARTAN: Objection. Calls for speculation.

18 MR. TAYBACK: Objection. Joined.

19 THE COURT: Overruled.

20 Q. You can answer, Mr. Hargreaves.

21 A. They're discussing application packs and submis- -- sorry
22 they're discussing fraudulent application packs and the
23 submission of those to the banks, Wirecard and Kalixa.

24 Q. And at the bottom, when Ray says "Christian, please put
25 time aside to look at them really good so we don't make stupid

1 mistakes and so we know they're right before they're
2 submitted," what do you understand that to mean?

3 A. He's -- the message is directed to a gentleman called
4 Christian Chmiel, and he's asking them to review the
5 application. Ray is asking him to review the application packs
6 to make sure there's no stupid mistakes before they're
7 submitted.

8 Q. Okay. Now, let's go to page 55 of Government Exhibit 4004.

9 Okay. Let's start, do you see the first full comment
10 that begins with "regardless"?

11 A. Yes, I do.

12 Q. Whose comment bubbles are these?

13 A. They are Ray's.

14 Q. Can you read that comment and the following comments?

15 A. "Regardless we just need Christians to decide what we think
16 is best. We take Kalixa's input, but this going to WC and has
17 to be tailored for them. But I do think it's important to give
18 them absolutely no reason to look due to anything not
19 matching."

20 Q. Okay. So when Ray says in the comment above the one that
21 was highlighted, "we take Kalixa's input but this is going to
22 WC," what do you understand that to mean?

23 A. He's referring to the fact that these are two different
24 acquiring banks with two different sets of views, sets of
25 criteria for reviewing and deciding whether to approve or

1 decline a merchant application. Therefore, although Kalixa's
2 feedback should be taken into consideration, we should bear in
3 mind that Wirecard is a different acquiring bank, and we need
4 to tailor the fraudulent application pack to meet that bank's
5 specific set of criteria.

6 Q. And then in the highlighted comment, Ray says "but I do
7 think it's important to give them absolutely no reason to look
8 due to anything not matching," what is your understanding of
9 what that means?

10 A. To make sure that the application packages can be all that
11 it can be to avoid any additional scrutiny that could lead to
12 being declined.

13 Q. And, Mr. Levine, we can take that down.

14 Mr. Hargreaves, were additional Wirecard applications
15 that were submitted on behalf of the shell companies in
16 relation to the Eaze scheme?

17 A. Yes, there was.

18 MR. ARTAN: Objection. Lack of foundation as to what
19 was actually submitted for the --

20 MR. TAYBACK: Join.

21 THE COURT: Overruled.

22 Q. Mr. Hargreaves, were there additional wire applications
23 submitted to the shell companies in the Eaze scheme?

24 A. Yes, there was.

25 Q. I direct your attention to the binder, which I think is

1 probably quicker. Let me --

2 A. Which binder?

3 Q. The 3900 binder.

4 A. I have it.

5 Q. So I'd like you to take a look at government exhibits in
6 evidence 3926, 3927 and 3928 to look at those first?

7 A. Yes, I have them open.

8 Q. Have you looked at those, 3926, 3927, 3928?

9 A. Yes, I have.

10 Q. And then the other one to look at is 3938.

11 A. Yes, I have.

12 Q. What are these documents?

13 A. The coverings of the first page of each section is our
14 e-mails taken from my ProtonMail account.

15 Q. And what are the attachments generally with respect to each
16 of these exhibits?

17 A. They're the documents contained within fraudulent
18 application packages submitted to Wirecard.

19 MR. ARTAN: Your Honor, pardon me. They're not on our
20 screen.

21 MS. LA MORTE: I'm going to put them on. I'm trying
22 to be efficient and have him look and identify them before I
23 put them up one by one. But I'm happy to do it whatever way
24 the Court prefers. They are all in evidence.

25 THE COURT: Yes, they're in evidence. I'm not quite

1 sure what this heavy dispute about the parties amounts to, but
2 now it's on the screen. Yes, do you have it on your screen
3 now?

4 MR. ARTAN: Just now, your Honor.

5 THE COURT: So what's the objection?

6 MR. ARTAN: I was hoping to be able to watch it.

7 THE COURT: I'm sorry?

8 MR. ARTAN: I just want to be able to see it.

9 THE COURT: Okay. Well, now you can, yes.

10 MR. ARTAN: Yes, thank you.

11 THE COURT: Yes.

12 BY MS. LA MORTE:

13 Q. Mr. Hargreaves, what is displayed on the screen, 3926?

14 A. It's an e-mail from my ProtonMail account.

15 Q. And what is the title?

16 A. International Standard WC additional forms.

17 Q. And what's attached to this e-mail?

18 A. Documents included in the fraudulent application pack
19 submitted to Wirecard on behalf of the shell company
20 International Standard.

21 Q. Okay. Let's put on 3927, please.

22 MR. ARTAN: Your Honor, move to strike. It doesn't
23 say it was submitted.

24 MS. LA MORTE: Your Honor, I --

25 MR. TAYBACK: Join.

1 THE COURT: I'm sorry. Are you talking about -- it's
2 in evidence.

3 MS. LA MORTE: Your Honor, a few moments ago you
4 overruled an objection --

5 THE COURT: Yes, yes.

6 MS. LA MORTE: -- to my question.

7 THE COURT: I do not understand the objection, but in
8 any event, to the extent there is a further objection or motion
9 to strike, that motion is denied.

10 BY MS. LA MORTE:

11 Q. Okay. Mr. Hargreaves, I believe 3927 is on your screen
12 now?

13 A. Yes, it is.

14 Q. Can you explain to us what this is?

15 A. An e-mail from my ProtonMail account.

16 Q. And what is the title?

17 A. Lorry LTD WC additional forms filled.

18 Q. Remind us what Lorry is?

19 A. It's a shell company acquired for a fraudulent application
20 about to be submitted to the acquiring bank Wirecard.

21 Q. And what are the attachments to this document, generally?

22 A. They are documents that are to be included within the
23 fraudulent application pack.

24 Q. And let's go to 3928. You identified New Opal earlier as a
25 shell company that was used in connection with the Eaze scheme;

1 is that right?

2 A. That is correct.

3 Q. And what does generally the attachments to 3928 reflect?

4 A. Documents included within the fraudulent application pack
5 submitted on behalf of New Opal Limited, a shell company
6 purchased, as you mentioned, for inclusion within the
7 fraudulent application pack to Wirecard.

8 Q. And then lastly, 3938? And you see the reference here on
9 the top of Linebeck?

10 A. Yes, I do.

11 Q. What is Linebeck?

12 A. Another shell company.

13 Q. And what is generally attached to this e-mail?

14 A. They are the documents included within the fraudulent
15 application pack submitted to Wirecard.

16 MR. ARTAN: Objection. Objection. There's nothing in
17 the e-mail that says that these documents were actually
18 submitted.

19 THE COURT: I understand that. You made that
20 objection a minute ago, and that is grounds for
21 cross-examination. But particularly in view of the fact that
22 the count here is conspiracy, that objection is overruled.

23 Q. Now, Mr. Hargreaves, a moment ago you recall that we went
24 through a number of representations on the Hot Robots' Wirecard
25 application forms; do you recall that?

1 A. Yes, I do.

2 Q. And do you recall that we -- that you identified
3 representations as false; do you recall that?

4 A. Yes, I do.

5 Q. Now, we just looked at four other fraudulent application
6 packs for other shell companies in Government Exhibits 3926,
7 3927, 3928 and 3938. Do each of these Wirecard applications
8 contain false representations?

9 A. Yes, they do.

10 Q. Are each of the Wirecard applications signed?

11 A. Yes, they are.

12 Q. And you can take a look, or we could put something on the
13 screen. Maybe we should. Mr. Levine, can you scroll down.
14 Keep going. Keep going. I'm not finding it on this one, but
15 you can take this down, Mr. Levine.

16 Mr. Hargreaves, was there someone on your team who was
17 responsible for obtaining signatures on the fraudulent
18 application packages?

19 A. Yes, there was.

20 Q. Who had that responsibility?

21 A. Michele Furlan.

22 Q. Did Michele make any comments in that regard?

23 A. Yes, he did.

24 Q. What did he say?

25 A. He commented that his mother was very good at copying

1 signatures.

2 Q. Now, Mr. Hargreaves, did the defendant Ray Akhavan provide
3 input on the content of these applications?

4 A. Yes.

5 Q. And how about the defendant Ruben Weigand, did he provide
6 input on the contents of these applications?

7 A. Yes, he did.

8 Q. Mr. Levine, can we put up side by side Government
9 Exhibit 4004 and Government Exhibit 3928.

10 Okay. Now, on Government Exhibit 4004, can we go to
11 page 55. Can we do that when they're side by side? And then
12 on Government Exhibit 3928 can we go to page 2.

13 Okay. So on Government Exhibit 4004, Mr. Hargreaves,
14 which should be on the left side of your screen, do you see
15 that, the Olliebaba chat?

16 A. Yes, I do.

17 Q. Can you read -- do you see where Ray starts commenting "and
18 on that note"?

19 A. Yes, I do.

20 Q. It's like the third chat down on the page?

21 A. Yes, I do.

22 Q. Okay. Can you read Ray's chats there?

23 A. "And on that note, I also think we should raise the
24 expected limits to at least up to 1M. If we get stuck and
25 don't get new accounts added fast, we are fucked. We might as

1 well overstate and under deliver cuz compliance won't have as
2 much problem with that as the vice versa. Sending not enough
3 is a sales dept issue whereas sending too much becomes a
4 compliance problem."

5 Q. And then what is your response? What are your two comments
6 in response?

7 A. "We've put up to 50M and variance of this per month on the
8 WC apps with actual volume being 1M per month. This was the
9 strategy, right, Christian?"

10 Q. And then looking at page 2 of Government Exhibit 3928, do
11 you see under "client details" where it says "volume in sales
12 per month"?

13 A. Yes, I do.

14 Q. What does it state there?

15 A. M25 to M50 EUR.

16 Q. Okay. Let's go to page 57 of the Olliebaba chat. And then
17 you see on the top of the chat, you see the picture of
18 Christian Chmiel?

19 A. Yes, I do.

20 Q. And then you see where your comment is on that first bubble
21 "OH. This was the right strategy, Christian?"

22 A. Yes, it is.

23 Q. Does Christian respond?

24 A. Yes, he does.

25 Q. What does he say?

1 A. "Yes," exclamation, and then he asks Ruben, "Any
2 objections?"

3 Q. Does Ruben respond?

4 A. He does, yes.

5 Q. What does he say?

6 A. "No objections."

7 Q. Okay. Let's now go to page 70 of the Olliebaba chat, and
8 let's go to page 1 of Government Exhibit 3928.

9 Now, Mr. Hargreaves, you see in the Olliebaba chat, do
10 you see where it says May 23rd, 2018?

11 A. Yes, I do.

12 Q. Can you read your two chats below there?

13 A. "All docs for WC and ecom and reports have been e-mailed to
14 EUP. Ruben, can you get the ISO to complete the anti-fraud
15 section. TKS."

16 Q. And then going to Government Exhibit 3928, what is the date
17 of this?

18 A. May the 23rd, 2018.

19 Q. And then it says "Hi, EUP. Please find completed forms for
20 WC;" do you see that?

21 A. Yes, I do.

22 Q. And what e-mail address is it sent to?

23 A. EUprocessing@ProtonMail.com.

24 Q. Okay. We can take these both down. Okay. So let's now
25 talk about Ecom Processing. Can you remind us what Ecom

1 Processing is?

2 A. It's a European acquiring bank.

3 Q. Do you know where it's based?

4 A. Bulgaria.

5 Q. Do you know who the owner of Ecom Processing is?

6 A. I know his first name.

7 Q. What is it?

8 A. Yani.

9 Q. And I believe you identified Ecom Processing as one of the
10 acquiring banks that fraudulent application packs were
11 submitted to?

12 A. That's correct.

13 Q. Mr. Levine, can you display Government Exhibit 3942.

14 Okay. Looking at the top, "ECP wet signed Johnson
15 Greenteacha;" do you see that at the very top of the e-mail?

16 A. Yes, I do.

17 Q. What is the reference to ECP there? Is that the acquiring
18 bank?

19 A. Yes, it's an abbreviation for Ecom Processing.

20 Q. And what does wet signed mean?

21 A. It means it has to be signed by hand.

22 Q. What is Johnson Greenteacha, what is that a reference to?

23 A. Johnson is a reference to a shell company that we acquired
24 from Johnson NYC, and Greenteacha, Greenteacha I should say, is
25 a fictitious website that we created as part of the application

1 pack for Johnson NYC referenced in that subject line.

2 Q. And can you read the body of the e-mail aloud?

3 A. "Hi EUP. ECP application form for Johnson NYC completed
4 with wet signature attached for you. Kalixa to follow. Kind
5 regards. Kate."

6 Q. And then you see the attachment on -- listed there?

7 A. Yes, I do.

8 Q. Okay. So let's now go to the attachment itself. Right
9 there. Perfect.

10 Mr. Hargreaves, what is this?

11 A. This is a -- it's a merchant processing application and
12 agreement from Ecom Processing, the acquiring bank we've just
13 been discussing.

14 Q. All right. Let's go to page 3 of this document. Okay.

15 Do you see -- let's blow up, Mr. Levine, the top sort
16 of like three boxes, the top half-ish. Yes, there you go.

17 So what is the company name that's listed here?

18 A. Johnson NYC LTD.

19 Q. And who is listed as the beneficial owner of this company
20 on this document?

21 A. Vanessa Benko.

22 Q. Do you know this person?

23 A. No, I do not.

24 Q. Do you have any knowledge if this person is affiliated with
25 Eaze in any way?

1 A. No, I don't believe she is affiliated with Eaze.

2 Q. And according to this application, where does she reside?

3 A. In France.

4 Q. And according to this application form, where is Johnson
5 NYC located?

6 A. In Liverpool in the north of England.

7 Q. Okay. So let's go to page 4 of this document. Great.

8 So we're looking at the business overview section. Do
9 you see that?

10 A. Yes. Yes, I do.

11 Q. So you see sort of halfway down the page it says
12 "description of product services"?

13 A. Yes, I do.

14 Q. What does it say there?

15 A. "Powdered Japanese green tea."

16 Q. What does this reflect?

17 A. This section reflects the product sold by the website.

18 Q. Does Johnson NYC actually sell powdered Japanese green tea?

19 A. No, it does not.

20 Q. Now, you see that there, on the right-hand side, a little
21 up a little more on the right-hand side, there's a customer
22 service phone number?

23 A. Correct.

24 Q. Did your team have responsibilities for obtaining customer
25 service phone numbers?

1 A. Yes, we did.

2 Q. Can you explain that, or elaborate on what your team did?

3 A. We purchased customer service numbers to be placed on the
4 fraudulent websites.

5 Q. And did you arrange for there to be a customer service in
6 any way?

7 A. We did initially, yes.

8 Q. How did you do that?

9 A. We found a customer service company in Europe. We
10 contracted their services, and we trained them, provided them
11 with scripts, provided them with escalation process and
12 protocol of how to answer questions, and when the questions
13 went beyond their scope, how to then escalate that to a member
14 within our internal team.

15 Q. Okay. And then at the top under "business overview," do
16 you see the applicant website?

17 A. Yes, I do.

18 Q. What is that?

19 A. Greenteacha.com.

20 Q. Is this a website that your team developed?

21 A. Yes, it is.

22 Q. Was this website real or fictitious?

23 A. It was fictitious.

24 Q. So you see then on the right-hand side of this chart, under
25 "business overview," do you see where it says "desire

1 descriptor merchant name to appear on card statement"?

2 A. Yes, I see that.

3 Q. What is the merchant descriptor that is indicated here?

4 A. Greenteacha.

5 Q. And so, Mr. Hargreaves, based on your participation in the
6 scheme, what transactions were going to be funneled through
7 the -- this Johnson NYC merchant processing account?

8 A. Transactions made on the Eaze website.

9 Q. And then with respect to those Eaze customers, what could
10 they expect to see on their card statements?

11 A. Greenteacha.com.

12 Q. If there any mention of Eaze anywhere on this exhibit?

13 A. No.

14 Q. Mr. Hargreaves, throughout the course of your testimony,
15 we've discussed several shell companies that your team
16 purchased for use in the Eaze scheme; do you recall that?

17 A. Yes, I do.

18 Q. Were applications on behalf of each of these shell
19 companies submitted to Ecom Processing, as well?

20 A. Yes, they were.

21 Q. And based on your participation in the scheme, what
22 transactions were intended to be run through those Ecom
23 Processing merchant processing account?

24 A. Transactions from the Eaze website.

25 Q. Was that disclosed anywhere on the Ecom Processing

1 application form?

2 A. No, it was not.

3 Q. We can take that down.

4 All right. Mr. Hargreaves, you identified one Kalixa
5 as the third acquiring bank that your team prepared application
6 forms for; do you recall that?

7 A. Yes, I do.

8 Q. What is Kalixa?

9 A. It's an acquiring bank based in Europe.

10 Q. Do you know where in Europe it's based?

11 A. Vienna.

12 Q. Vienna?

13 A. Vienna, that's correct, to the best of my knowledge.

14 Q. Okay. Mr. Levine, can you display Government Exhibit 3955.

15 Mr. Hargreaves, what is this?

16 A. This is an e-mail from my ProtonMail account.

17 Q. And do you see the subject line at the top?

18 A. Yes, I do.

19 Q. What does that say?

20 A. "Re: Updated MAF Kalixa."

21 Q. What is your understanding of what that refers to?

22 A. It's an updated merchant application form going into
23 Kalixa.

24 Q. Okay. And the date of this e-mail?

25 A. July 16th, 2018.

1 Q. Who do you understand it to be from?

2 A. Michele Furlan.

3 Q. Now, Do you see where it says "to"?

4 A. Yes, I do.

5 Q. It says Marty25@ProtonMail.CH?

6 A. Yes, I see that.

7 Q. Do you know who that refers to?

8 A. No, I don't.

9 Q. And then on the cc line, you're there; is that right?

10 A. Yes, I am.

11 Q. Kate Farmer, is she there?

12 A. Yes, she is.

13 Q. Is Ruben in here?

14 A. Yes.

15 Q. And then you see where it says esepa@ProtonMail.com?

16 A. Yes.

17 Q. Do you know who utilized that address?

18 A. I don't know that I have names of others.

19 Q. That's fine. Just that e-mail?

20 A. No, I do not know.

21 Q. And do you see frostdeakan@ProtonMail.com?

22 A. I do not know who that is.

23 Q. And then can you just read the first two lines of the
24 e-mail?

25 A. "Hi. All signed and scanned attached."

1 Q. And then let's look at the attachments that are listed on
2 the bottom here. Do you see that?

3 A. Yes, I do.

4 Q. What are these attachments?

5 A. They are application forms for Johnson NYC, Lorry Limited,
6 International Standard and Linebeck and New Opal, for the
7 application forms for Kalixa.

8 Q. Okay. So let's take a look at just one of these. We'll
9 take Linebeck as an example.

10 Mr. Levine, can you go to page 20 of this exhibit,
11 3955.

12 Mr. Hargreaves, is this a merchant application form
13 for Kalixa?

14 A. Yes, it is.

15 Q. And what is the name of the -- what shell company is this
16 application form on behalf of?

17 A. Linebeck Limited, LTD.

18 Q. Now, you see under this company detail section there's a
19 URL?

20 A. Yes, I do.

21 Q. What is the URL?

22 A. HTTPS://orkanikals.store.

23 Q. Is this one of the websites that your team devised?

24 A. Yes, it is.

25 Q. Is it truthful or is it fraudulent?

1 A. It's fraudulent.

2 Q. And then you see where it says on the bottom form, the
3 bottom of the company says "form completed by"?

4 A. "ISO Partner ESEPA."

5 Q. Okay. So let's go to page 22. Now, you see in the center
6 box where it says "services/activities"?

7 A. Yes, I do.

8 Q. And you see in that first row, "main company
9 activities/nature of the business"?

10 A. Yes, I do.

11 Q. What is listed there?

12 A. "Custom skincare products online."

13 Q. Does Linebeck -- is this true or is this fabricated?

14 A. It's fabricated.

15 Q. Does Linebeck have any custom skin products for sale
16 online?

17 A. No, it doesn't.

18 Q. Does Linebeck operate any type of business transactions
19 whatsoever?

20 A. No, it does not.

21 Q. Is Eaze disclosed -- and you can take a look at all these
22 application forms, if you like. Is Eaze disclosed on any of
23 these Kalixa application forms?

24 A. No, it's not.

25 Q. And based on your participation in the scheme, what

1 transactions were intended to be run through the Kalixa
2 merchant processing accounts for these shell companies?

3 A. Transactions from the Eaze website.

4 Q. Okay. We can take this down.

5 Mr. Hargreaves, so we just walked through a number of
6 fraudulent application packs that you and your team prepared
7 for Wirecard, Ecom Processing and Kalixa. So in connection
8 with preparing these application packages, would you and your
9 team have questions from time to time?

10 A. Yes, we would.

11 Q. And who would you typically direct those questions to?

12 A. Ruben.

13 Q. And were there times when you submitted application
14 packages, and you learned that they needed to be revised in
15 some fashion?

16 A. Yes, there were times like that.

17 Q. And who typically communicated that information to you?

18 A. Ruben did.

19 Q. Mr. Hargreaves, who did you understand had control over the
20 merchant processing accounts for the shell companies?

21 A. I would say Ruben. I'd have to presume Ruben and Ray.

22 MR. ARTAN: Objection, speculation.

23 MR. TAYBACK: Join.

24 THE COURT: Sustained.

25 Q. Okay. Let's take a look at some of your communications on

1 these topics.

2 Mr. Levine, can you display Government Exhibit 3959?

3 Mr. Hargreaves, what is this?

4 A. It's an e-mail from my ProtonMail account.

5 Q. Who is the e-mail from?

6 A. Michele Furlan.

7 Q. And who is it directed to?

8 A. EUprocessing@ProtonMail.com.

9 Q. Who do you understand that to be?

10 A. Ruben.

11 Q. Okay. Can you read the subject line of this e-mail?

12 A. "Re: First feedback Kalixa for Johnson NYC."

13 Q. So a few moments ago we actually looked at a portion of

14 Johnson NYC's Kalixa application; do you recall that?

15 A. Yes, I do.

16 Q. So let's look at the e-mail on the bottom, where it begins
17 on July 23rd, 2018, at 11:03 a.m.; do you see that?

18 A. Yes, I do.

19 Q. From EUprocessing?

20 A. Yes.

21 Q. Can you read that e-mail aloud?

22 A. "Hey, we have a request from the bank according to Johnson
23 NYC. 'The product is USDA certified as per the information in
24 the footer. Please provide a proof that it has been verified
25 by a USDA-accredited certifying agent.' Is this something you

1 can provide? Best EUP."

2 Q. Who do you understand to be the author of this e-mail?

3 A. Ruben.

4 Q. And do you see the portion that you read in quotes?

5 A. Yes.

6 Q. What do you understand the quotations to reflect?

7 A. Comments from somebody within Kalixa.

8 Q. And then does Michele respond to the e-mail?

9 A. Yes, he does.

10 Q. What does he say?

11 A. "Hi, the product doesn't exist in the first place; so we
12 cannot provide any certification. We can remove those claims
13 from the site if you are okay with that."

14 Q. Is that accurate, that the product doesn't exist?

15 A. Yes, it is.

16 Q. Okay. We can take that down. Mr. Levine, can you now
17 publish Government Exhibit 3908.

18 Mr. Hargreaves, what is this?

19 A. These are e-mails from my ProtonMail account.

20 Q. Okay. So what -- can you read aloud the subject line of
21 the e-mail?

22 A. "Re: New Settlego app for Hot Robots limited/Ref 8884."

23 Q. What is Settlego?

24 A. It's a settlement bank.

25 Q. What do you mean by that?

1 A. It's a company that provides settlement accounts, as I
2 mentioned earlier, business accounts specifically for -- well,
3 not specifically, but mostly for merchants in this case, the
4 website businesses.

5 Q. Were settlement accounts established for each of the shell
6 companies that were used in the Eaze scheme?

7 A. Yes, they were.

8 Q. And who typically -- who generally was responsible for
9 obtaining those accounts?

10 A. My team in conjun- -- with guidance from Ruben.

11 Q. Okay. So let's start with the e-mail towards the bottom of
12 the first page, May 2nd, 2018 at 14:17. Who do you understand
13 this e-mail to be from?

14 A. Kate Farmer.

15 Q. Can you read the e-mail aloud?

16 A. "Hi Daniel, Shahrukh. Sorry to chase, please can you
17 provide an update on expected ETA for this application. Kind
18 regards KF."

19 Q. Okay. You can zoom out of that. And who do you understand
20 Daniel and Shahrukh to be?

21 A. Daniel and Shahrukh are employees of the company Settlego.

22 Q. And then you see more e-mails up from Kate, from Daniel?

23 A. Yes, I do.

24 Q. Can you read that aloud?

25 A. "Hi, I responded to Ruben the introducer yesterday. Please

1 see him for feedback. Thanks, Daniel."

2 Q. Who do you understand the reference to Ruben to be in here?

3 A. To Ruben Weigand.

4 Q. And let's now go to the top e-mail. Who do you understand
5 to have written this e-mail?

6 A. Kate Farmer.

7 Q. And what is -- how does she respond?

8 A. "Hi Daniel. Thank you. Will speak with Ruben. Kind
9 regards KF."

10 Q. We can take that down.

11 Mr. Hargreaves, did you, in fact, learn that there
12 were communications with Ruben regarding Settlego?

13 A. Yes, I did.

14 Q. Mr. Levine, can you put on the screen Government
15 Exhibit 3910.

16 Can you read the subject line of this e-mail?

17 A. "FW: re: bank app beneficiary/receipt info."

18 Q. And then the first e-mail on the top, can you just read
19 that e-mail?

20 A. "Beneficiaries FYI. However, I am concerned this will
21 raise a likely red flag at Settlego. With different
22 merchants/corporations submitting same beneficiaries through
23 same ISO."

24 Q. And is Settlego the settlement bank that we were just
25 discussing before?

1 A. Yes, it is.

2 Q. Okay. We can come out of that. So now, let's go to page
3 2. The e-mail dated May 1st, right above the chart. May 1st,
4 2018 at 11:27?

5 A. I see it.

6 Q. Can you read the greeting and the text portion up to when
7 the chart appears?

8 A. "Hi, EUP. We are completing the IBAN/bank application form
9 for the corporation Lorry LTD. There is information required
10 on receipts and beneficiaries, copy of Hot Robots' app below.
11 Do you have guidance on what we should complete for Lorry
12 Limited?"

13 Q. What is your understanding as to who Kate is addressing
14 this e-mail to?

15 A. She's addressing to Ruben.

16 Q. Okay. Now, let's go to page 1. Hold on one sec. Can you
17 scroll down, Mr. Levine? Okay. I'm sorry, I meant one e-mail
18 up. Can you go an e-mail up from the e-mail we just read?

19 What is Ruben's response? Can you read it aloud?

20 A. "We are currently checking with Settlego. Hope to have
21 info tomorrow. Best, EUP."

22 Q. Okay. We can take down this exhibit. Okay. Mr. Levine,
23 can we put up Government Exhibit 3911.

24 What is the subject of this e-mail?

25 A. "Settlego applications."

1 Q. And who is the e-mail from?

2 A. Kate Farmer.

3 Q. And who do you understand she addresses it to?

4 A. Ruben at EUprocessing.

5 Q. Okay. So now, let's look at the body of the e-mail. Can
6 you read aloud the e-mail from the beginning through the end of
7 point one?

8 A. "Hi EUP. I wanted to highlight two concerns we have on the
9 current Settlego applications. No. 1, we are moving
10 Soniclogistix.com from Lorry Limited to Opal Limited. We have
11 already submitted Lorry Limited application to Settlego showing
12 Soniclogistix. It will be clear the same domain has appeared
13 on a new company. Lorry Limited submitted Settlego application
14 is also showing the other, now redundant, URLs on it
15 -deliverax.com logisbutr.com. How do you want to handle this
16 with Settlego?"

17 Q. What is your understanding what the concern is here?

18 A. That they were moving one website that has been linked with
19 a company that apparently has nothing to do with another
20 company, and we're moving the website owned by one company to
21 another company, and the bank would have already seen this
22 application with the websites attached to the former company.

23 Q. Okay. And then point 2, can you read that aloud?

24 A. "Beneficiaries. The list is limited and it will be clear
25 to Settlego that we are repeating same beneficiaries across

1 different corporations. This will likely be a red flag for
2 their compliance team. Let me know how you would like to
3 handle both items. Thank you, KF."

4 Q. What do you understand Kate to be addressing these Settlego
5 questions to?

6 A. To Ruben.

7 Q. Okay. And now, let's go to 3923, please. Now, let's go to
8 page 2. This is something we looked at before, and we're going
9 to start with the e-mail on the bottom of page 2. Can you read
10 this aloud?

11 A. "Dear all, please find attached completed Ecom Processing
12 application forms for: Hot Robots LTD, Lorry LTD,
13 International Standard LTD, and New Opal LTD. This completes
14 deliverables for all items requested. Kind regards, KF."

15 Q. Okay. We can zoom out of that. And let's go up one e-mail
16 to May 15th, 2018. Who do you understand to have authored this
17 e-mail?

18 A. EUprocessing, Ruben.

19 Q. Can you read the e-mail aloud?

20 A. "Dear KF, could you please adapt all the apps to
21 250K/month? On page 6, could you please add: ISO: esepa GmbH,
22 PSP: Inoviopay? Thanks and all my best, EUP."

23 Q. Okay. Let's zoom out of that and go up one e-mail to the
24 bottom of page 1, and just -- I just need you to read the
25 greeting. What's the greeting?

1 A. "Hi EUP."

2 Q. And now read the very last sentence in this e-mail?

3 A. "Given the explanation above, please confirm current
4 volumes stated on the ECP applications are acceptable. Kind
5 regards, KF."

6 Q. And who do you understand Kate to be addressing this
7 request to?

8 A. Ruben.

9 Q. Now, let's go up one more e-mail to 3:39 p.m., right there.
10 And can you read aloud the body of this e-mail?

11 A. "Hey KF. The volumes are not acceptable as both banks
12 complain about it. They are fine with the volumes between 175
13 and 250K a month. You can hold back for a moment as there
14 might be more changes. All my best, Ruben."

15 Q. And we can take that down.

16 THE COURT: All right. Counsel, find a good place to
17 stop for the day.

18 MS. LA MORTE: Your Honor, I think if I do one more
19 document, then that will be a good place to stop.

20 THE COURT: Go ahead.

21 BY MS. LA MORTE:

22 Q. Okay. Government Exhibit 3935.

23 Mr. Hargreaves, what's the subject of this e-mail?

24 A. "Orkanikals/Linebeck Kalixa application."

25 Q. And can you remind us what Orkanikals/Linebeck refers to?

1 A. Orkanikals is a fictitious website created by my team, and
2 Linebeck is a shell company acquired by my team for inclusion
3 within a fraudulent application pack to be submitted in this
4 case to Kalixa, an acquiring bank in Europe.

5 Q. What is the date of the e-mail?

6 A. June 18, 2018.

7 Q. Who do you understand it to be from?

8 A. Kate Farmer.

9 Q. Who is she directing it to?

10 A. Michele and myself and Tima.

11 Q. Who is Tima?

12 A. A member of Michele's team.

13 Q. Okay. Let's read aloud the body of the e-mail.

14 A. "Hi Michele. Okay reviewed and amendments we have
15 communicated are: more description for the site. Amend
16 transaction count to align to roughly 250K per month. State
17 ATV and EUR, rather than USD. Bank details to be supplied by
18 Ruben. Have stated to be supplied for now. Kate."

19 Q. Who does Kate relay to the team is going to supply the bank
20 details?

21 A. Ruben.

22 Q. Is this consistent with your understanding of Ruben's role
23 in the scheme?

24 A. Yes, it is.

25 MS. LA MORTE: Your Honor, this is a good stopping

1 point.

2 THE COURT: Very good. All right, ladies and
3 gentlemen, you put in a very full day. Thank you again.
4 Tomorrow we will go back to our normal schedule; so we will
5 start at 9:45. So be in the jury room a few minutes before
6 then, and we'll continue then, and have a very good evening.

7 (Jury not present)

8 THE COURT: All right. Please be seated. So I think
9 we should probably start at 9:00 tomorrow to deal with any and
10 all remaining issues that we weren't able to dispose of today.
11 How much longer do you have?

12 MS. LA MORTE: I would say like two hours, at the
13 outer limits.

14 THE COURT: Two hours?

15 MS. LA MORTE: I don't want to underestimate, your
16 Honor. I think I'll be done before then, but I got through a
17 lot. I got through a lot. It's just some of the chats take a
18 little bit of time putting on the screen and then focusing on
19 the chats, but that would be the outer --

20 THE COURT: Well, of course, how you try your case is
21 entirely up to you, and the jury, to their great credit, paid
22 attention throughout the afternoon. I cannot say the same was
23 true for me.

24 MS. LA MORTE: I hear you, your Honor.

25 THE COURT: All right. Very good. We'll see you
tomorrow. (Adjourned to 9:00 a.m., on March 9, 2021)

1 INDEX OF EXAMINATION

2	Examination of:	Page
3	OLIVER HARGREAVES	
4	Direct By Ms. La Morte	673

5 GOVERNMENT EXHIBITS

6	Exhibit No.	Received
7	7	691
8	4105	696
9	8	699
10	4102 and 106	711
11	S2	716
12	101, 102, 103, 104 and 105	723
13	101-105	724
14	4013, 4001, 4002, and 4004-4012	738
15	4106	744
16	5	745
17	Exhibit 3971, 3902-3968, and 3970	749
18	4108	754